

Star BUSINESS

Poultry farmers are counting losses and struggling to run business as prices of eggs have fallen at the farm level



Story on B4

Deals signed for \$1.1b WB funds

STAR BUSINESS REPORT

The World Bank (WB) is going to finance a total of \$1,112 million against five projects for the sustainable development of Bangladesh.

Five financing agreements were signed between Bangladesh and the World Bank at the Economic Relations Division (ERD) office at the Sher-e-Bangla Nagar in the capital yesterday.

The agreements were signed by Sharifa Khan, senior secretary at the ERD, and Abdoulaye Seck, country director of the WB for Bangladesh and Bhutan, according to a press release from the lender.

"Bangladesh and the WB have a strong partnership focused on achieving the country's vision of upper middle-income status by 2031 and higher income status by 2041," said outgoing ERD senior secretary Khan.

"These projects are aligned with the Eighth Five-Year Plan 2021-2025 and support the country's graduation from LDC status in 2026 and Vision 2041," she added.

The WB said the five financing projects would help the country to achieve resilient and inclusive growth by improving early childhood development, secondary education, riverbank protection and navigability, urban primary health, and gas distribution efficiency.

"Bangladesh is an important partner for the World Bank towards its vision of a world free of poverty on a livable planet. Since the country's independence, the World Bank and Bangladesh have had an impactful partnership that lifted millions of Bangladeshi people out of poverty," Seck said.

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1,824 bank accounts have over Tk 50cr each in deposit

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The number of bank accounts with deposits over Tk 50 crore in Bangladesh rose by 3.75 percent in three months to June.

Banks in Bangladesh had 1,824 accounts with deposits over Tk 50 crore at the end of June this year, according to Bangladesh Bank data.

There were 1,758 such accountholders as of March 31 this year.

These 1,824 accounts had Tk 258,544.41 crore in deposits as of June 30, which was 15.33 percent of the total bank deposits in the country.

At the end of June, some 145,973,192 bank accounts had a total deposit of Tk 1,687,024.61 crore.

However, at the end of March this year, 1,758 accounts with deposits over Tk 50 crore had a total of Tk 235,131.26 crore in deposit. This was 14.58 percent of the total bank deposits in the country.

As of March 31, some 141,137,256 bank accounts in Bangladesh had a total deposit of Tk 1,613,062.64 crore, according to the central bank data.

Reasons behind sluggish performance of non-banks

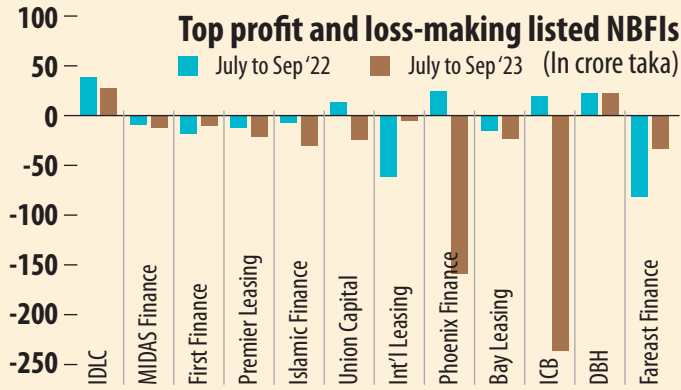
- Narrowing gap between deposit and lending rates
- Bearish stock market
- Gloomy scenario in macroeconomy
- Liquidity crunch in overall money market
- Image crisis due to corruption

Bangladesh's overall macroeconomic situation is under stress and it is affecting the overall financial institutions sector.

Mominul Islam
MD and CEO of IPDC Finance

BY THE NUMBERS Among 23 listed NBFIs

- 17 published financial reports
- Of the 17 companies, 7 incurred higher losses
- 3 returned to losses
- 4 logged lower profit
- 3 saw higher profits



SOURCE: SANDHANI ASSET MANAGEMENT



Most NBFIs incurred losses in July-September

AHSAN HABIB

Most listed non-bank financial institutions (NBFIs) incurred losses in July-September of the current year while companies that did make a profit secured very little margins mainly due to the ongoing macroeconomic stress, narrowing of the interest rate spread and fall in income from stock investments.

Of the 23 listed NBFIs in Bangladesh, 17 published their financial reports. Of them, 7 incurred higher losses year-on-year whereas three incurred losses this year only.

Another four logged lower profits and only three saw slightly higher profits, according to data compiled by Sandhani Asset Management Limited.

Bangladesh's overall macroeconomic situation is under stress and it is affecting the overall financial institutions sector, said Mominul Islam, chairman of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

The banking sector has multiple sources of income while the NBFIs have limited options, for which it is having to absorb more of the

downturn, he said.

On top of that, Bangladesh Bank's directives for the NBFIs sector since last July has turned even more stringent. As a result, profits of the leasing companies have been hit in the short run, he added.

"In the long run, however, these will be helpful in

whole sector.

The positive takeaway is that whatever bad that had been hidden away has been divulged and so it will be good for the sector in the future, Islam said.

On the other hand, large NBFIs have a big amount of investment in the stock

Others on the list were MIDAS Financing Limited, First Finance Limited, Premier Leasing and Finance Limited, Union Capital Limited, International Leasing and Financial Services Limited, Bay Leasing and Investment Limited and the Investment Corporation of Bangladesh (ICB).

The state-run ICB, in its financial report, said its profits decreased due to a drop in capital gains on securities sales, dividend income, interest income and fees and commission income.

Meanwhile, LankaBangla Finance PLC, Bangladesh Finance Limited and DBH Finance PLC secured a rise in profits.

IDLC Finance saw the highest profit (around Tk 28 crore) among all the listed NBFIs followed by DBH Finance (around Tk 24 crore).

However, IDLC Finance's profit had decreased year-on-year alongside that of United Finance Limited, IPDC Finance Limited and National Housing Finance PLC.

The IDLC, in its financial report, said the primary reason behind its profit decline was a drop in net interest income, investment income and commissions from exchange and brokerage.



boosting the NBFIs' resilience," said Islam, who is also a former chairman of the Bangladesh Leasing and Finance Companies' Association.

Net interest income declined for the NBFIs for the narrowing of the spread, which is the difference between the interest rates of deposit and lending.

Some irregularities that had been swept under the carpet by several NBFIs have been unearthed by the central bank and this had an impact on the profitability of the

market but the capital market was bearish.

"So, income from these investments dropped," he said.

If there is a rebound in the economy, the NBFIs' profits will also bounce back, added Islam, also managing director and CEO of IPDC Finance.

Among the loss incurring NBFIs, Phoenix Finance suffered the most (Tk 159 crore) followed by Fareast Finance and Investment Limited (Tk 34 crore) and Islamic Finance and Investment Limited (Tk 30 crore).

Strengthening taka leaves no impact on forex market

STAR BUSINESS REPORT

There was no impact on the exchange rate of the US dollar against the taka yesterday as the price of the greenback continued to remain high even though bankers, under an unofficial directive of Bangladesh Bank, appreciated the local currency by Tk 0.50 a day before.

On Wednesday, the Bangladesh Foreign Exchange Dealers' Association (Bafeda) and the Association of Bankers, Bangladesh (ABB) decided to sell each US dollar at Tk 110.50 to importers and buy it at Tk 110 from exporters and remitters.

Yesterday, a majority of banks were paying remitters as much as Tk 122 to Tk 123 and exporters Tk 113 to Tk 114 per US dollar while charging importers Tk 116 to Tk 118.

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A half a dozen bankers told The Daily Star on condition of anonymity that the forex market moved at its own pace and the Bafeda-ABB rate was not working at all.

Nowadays it has become a trend for the Bafeda-ABB leaders to announce a new exchange rate a day after meeting the central bank governor, they said.

Bankers accused the Bafeda and the ABB of forcing the rates upon them, for which they were not adopting them.

There is still a lack of US dollars in context to demand in the market, so it is not the right time to appreciate the taka against the US dollar, bankers said.

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STOCKS	
DSEX ▲	CASPI ▲
0.14% 6,233.07	0.11% 18,495.79

COMMODITIES	
Gold ▲	Oil ▼
\$1,994.38 (per ounce)	\$76.13 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.03% 66,005.30	▲ 0.29% 33,451.83	▼ 0.1% 3,111.75	▲ 0.60% 3,061.86



People jostle for a place in the queue in front of a truck of the Trading Corporation of Bangladesh, which was selling essentials such as edible oil, lentil and rice at subsidised rates near the Kalyanpur bus stand yesterday.

PHOTO: SK ENAMUL HAQ

Will coming months offer any relief from high inflation?

SOHEL PARVEZ and SUKANTA HALDER

Nowadays, Dhaka city residents are familiar with scenes of men and women queuing up behind trucks of public agencies selling essentials – including rice, edible oil and pulses – at prices below the market rates.

And there is no sign of the lines becoming shorter.

Instead, the queues are becoming longer as new faces like Rehana Hosen join up to buy key food items at subsidised prices in a desperate effort to ensure necessities for their families in the face of inflation, which has been stubbornly high for more than one year.

For Rehana, a mother of two children who resides in the city's Mirpur area, the spiralling prices of food and non-food items deepened her distress and she, like many others, is waiting for the day that will bring some relief.

But her wait for a respite from elevated prices, as analysts said, is not going to be over soon – at least not in the next two to three months.

Food inflation, which stood at 12.56 percent in October this year, the highest in

at least a decade, may ease to some extent as winter vegetables have started arriving in the market at higher volumes, and farmers have also begun harvesting Aman rice, the second biggest rice crop in the country.

However, the real risk lies in the case of imported items, particularly food, not due to prices but because of the depreciation of the taka against the US dollar.

Food inflation stood at 12.56 percent in October this year, the highest in at least a decade

Globally, prices of food and other key commodities have been falling.

Prices of agricultural commodities are expected to decline next year as supply rises, the World Bank said in its Commodity Markets Outlook at the end of last month.

The United Nations' Food and Agriculture Organisation said earlier this month that global supplies and production of wheat and oilseeds, for which Bangladesh relies heavily on imports, are expected to remain at a comfortable level in 2023-24.

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