# **BUSINESS**

#### Framework for early rescue formed for banks

STAR BUSINESS REPORT

Bangladesh Bank yesterday introduced a prompt corrective action (PCA) framework to identify the problems of any bank so that they may be tackled at an early stage before becoming acute.

The central bank introduced the framework in line with the Bank Company (amendment) Act, 2023.

The central bank issued a notice in this regard, saying that the PCA is necessary to address the problems of weak banks promptly because early action is critical to prevent adverse impacts.

Bangladesh Besides, Bank introduced the framework to prevent banks from closing down, which is a costly and painful process.

The PCA framework requires a bank and its board of directors to carry out prescribed corrective actions to restore the bank's deteriorated financial and operational conditions to a normal state within a reasonable time.

Under the framework, the concerned bank will have to carry out a schedule of corrective actions directed by the bank based on parameter selected indicators. This includes the capital to risk weighted assets ratio, tier 1 capital ratio, common equity tier 1 ratio, net non-performing loan ratio and corporate governance.

The provisions of the PCA framework will be effective from March 31, 2025 based on the annual audited financials of the period ending on December 31, 2024.



Bachhu Mia tends to his patch of red amaranth or red spinach in Darsha village of Sylhet sadar upazila. Though he hopes to earn Tk 2 lakh investing Tk 60,000 to grow two types of vegetables on four bighas of land, he believes middlemen are raking in even higher profits. The photo was taken recently. PHOTO: SHEIKH NASIR

#### CIRCULAR ECONOMY IN TEXTILE SECTOR

# Funding, tech and policy support needed, say experts

STAR BUSINESS REPORT

funds, technology and policy support to ensure a circular economy, which will be a major requirement to export products to western countries in upcoming years, experts said yesterday.

A circular economy is a system where materials never become waste and nature is regenerated. In a circular economy, products and materials are kept in circulation through processes involving maintenance, refurbishment, reusing, remanufacturing, recycling, and composting.

Remarking that the RMG sector was already facing a crisis given tight margins and the slowdown in the global economy, Asif Ibrahim, a director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), questioned how entrepreneurs would finance adequate investment for the Koekkoek, team leader for Green Inclusive necessary," she added.

Bangladesh's textile sector needs adequate to finance the investment," he said while speaking at a workshop titled "Advancing Circular Textiles Policies in Bangladesh", organised by Policy Exchange and Chatham House with support from the United Nations Industrial Development Organization

The event was held at the auditorium of the Metropolitan Chamber of Commerce & Industry (MCCI), Dhaka.

Brands need to be engaged in this process because such business practices will lead to additional costs and the government also needs to incentivise firms to use sustainable raw materials, he added.

Circular economy is a priority for the European countries as they are committed to reducing carbon emissions and building sustainable supply chains, said Edwin

Development at the delegation of the "It is going to be extremely difficult European Union to Bangladesh."

Sustainable business practices are essential to fight climate change and reduce pollution, especially in the textile sector, which is one of the sectors that contributes the most to carbon emissions, he added.

Vidiya Amrit Khan, a director of the BGMEA, said the government needed to frame guidelines for the transition.

"We need to define the responsibilities of each stakeholder in waste management," she said, adding that financing the required investment was a big issue, so financial institutions should come forward with low rates.

She also said the government should provide incentives for sustainable business practices, adding that the waste management system was mostly driven by an informal sector controlled by powerful political people.

"So, here political support will be

# NBR exempts withholding tax on interest payment of foreign loan

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has provided exemption to the withholding tax on the interest earnings of foreign lenders who are lending to local firms for three months, according to a notification.

The tax administration provided the exemption until February 28 next year, attaching some conditions, according to the notice issued vesterday.

The development comes after the Foreign Investors' Chamber of Commerce & Industry (FICCI) urged the NBR to withdraw the 20 percent withholding tax imposed from the fiscal year

An NBR official said the withholding tax was imposed on the interest income of foreign lenders. The exemption has been given for a certain period so that local borrowers can resettle terms

with lenders through negotiations, he said. FICCI President Naser Ezaz Bijoy said the apex body of foreign investors submitted a few proposals, including the recommendation to withdraw this withholding tax.

He said the decision to impose the tax would adversely impact the deficit in the country's financial account, which is already observing lower foreign loans due to higher Secured Overnight Financing Rate (SOFR).

The SOFR is a benchmark interest rate for dollar-denominated derivatives and loans.

He said an additional 20 percent withholding tax on gross interest would further discourage borrowers to avail foreign loans, thus adversely impacting the forex reserve.

"Moreover, additional costs will be passed on to consumers as many of the essential commodities are imported." he said.

"Given the notification allows time till February 2024, the NBR and private sector should consult each other to reach a resolution urgently and avoid any adverse impact for the nation's economy," he

Snehasish Barua, a partner at Snehasish Mahmud & Co, a chartered accountancy firm, said the withholding tax was exempted since 1976.

It was removed from the current fiscal year. In future, if the tax authority wants to discontinue any such benefit, it should give time to taxpayers to prepare, he said.



Humaira Azam, managing director and CEO of Trust Bank, cuts a ribbon to inaugurate a relocated Dhanmondi corporate branch at Delvista Phoolihuri on Satmasiid Road in Dhaka vesterday. PHOTO: TRUST BANK



Md Mehmood Husain, managing director and CEO of National Bank, cuts a ribbon to inaugurate a Bishwarod subbranch under Brahmanbaria branch yesterday. PHOTO: NATIONAL BANK

### National Bank launches sub-branch in Brahmanbaria

STAR BUSINESS DESK

National Bank Ltd launched its 50th sub-branch yesterday, located in Bishwaroad under the Brahmanbaria branch.

Md Mehmood Husain, managing director and CEO of the bank, inaugurated the sub-branch as chief guest, said a press release.

Nizam Ahmed, head of branches operations division and senior executive vice-president of the bank, AKM Salah Uddin Khan, head of marketing division and executive vice-president, Prabir Kumar Bhowmik, head of Chittagong region and senior vice-president, Pradip Kumar Sarkar, head of logistics services division and vice-president, attended the inaugural ceremony.

Among others, Md Emranul Islam, officer-incharge of Sarail Police Station, Brahmanbaria, and Khandaker Md Mahbubur Rahman, manager of Brahmanbaria branch and assistant vice-president, were also present.

## Govt likely

Hussain "Adequate reform steps were not taken in the budget to achieve the higher GDP and lower inflation targets."

"Earnings exports are declining and remittance is falling. The tax-revenue collection has slowed compared to the previous financial year. The same is true for the private sector credit growth."

Migrant workers sent home \$1.93 billion in November, an increase of 21 percent year-on-year. The receipts, however, were down 2.42 percent from a

month ago. Hussain said only the agriculture sector is doing well on the back of higher production.

"Still, the agricultural sector's performance alone can't send the GDP growth beyond 7 percent." Hussain said power

consumption has increased a bit but it is not enough to pull off the economic expansion target. Raihan, also a professor

economics, Hussain. He said the sluggish

trend of private investment is standing in the way of achieving the economic growth ambition.

"Inflation stayed above 9 percent in the first five months of the ongoing fiscal year. If the government wants to attain the inflation goal, it will have to limit it to 4 percent in the next six months, but that's not possible."

## Banks borrow Tk 15,120cr from BB repo rate by 50 basis points to 7.75 percent to step up its fight against persistent high inflation. Mirza Elias Uddin Ahmed many and the policy rate with the aim of curbing inflation. Some Shariah-based banks are facing a liquidity shortage whereas there is no liquidity. central bank raised the policy rate with the aim of bank, banks are also

Islamic banks secured Tk 485 crore through the 14-day Islamic bank liquidity facility.

On November 26, the costlier by hiking the

The interest rates were 7.75 percent, 7.85 Ahmed, managing director percent, 7.75 percent, and 7 percent to 8.50 percent, told The Daily Star that the pressure in the market, he mismatch has created pressure in the market, he months back.

The interest rates Mirza Elias Uddin is no liquidity shortage overnight call money rate stood at 8.57 percent, which mismatch has created was around 6 percent a few months back.

central bank made money

said.

Not only the central 9.28 percent.

reaching out to the call money market to borrow

Yesterday the average overnight call money rate stood at 8.57 percent, which

The rate for 14 days was

#### Dialogue with diplomats on labour rights postponed

FROM PAGE B1

the country's progress in ensuring labour rights and improvement working conditions in response to a concern raised by Bangladesh's mission in Washington.

"So, there is no reason for the US to impose trade restrictions on Bangladesh," he told a media briefing in his office on Monday.

Rather, concerns raised by the US have been taken into account for improving labour rights further, he added.

The US wants provisions to be changed such that a factory union is allowed if just 10 percent of the workers agree to it, whereas currently the prerequisite is 15 percent, he had said.

The US also wants the words "Workers' Welfare Association" to be replaced with trade unions when referred to in laws for factories located inside estates of Bangladesh Export Processing Zones Authority, he said.

As per the government's commitments in a National Action Plan adopted in 2021, the government will amend it by June 2026 consultation with foreign investors and other stakeholders, the senior secretary said.

GD-1905

### Government of the People's Republic of Bangladesh

Local Government Engineering Department Office of the Executive Engineer District: Noakhali

www.lged.gov.bd

গ্রাম শহরের উন্নতি"

Dated: 05/12/2023

Memo No. 46.02.7500.000.07.007.23-4402

Invitation for Tenders (IFT for Works) e-Tender Notice No. 54/2023-24

SI	Tender	Procurement	Name of works	Last	Last date &	Closin
No.	ID No.	method		selling	time of	openi
				date &	tender	date
				time	security submission	time
1	910142	LTM	GSID-2/NOA/DW-233	21-12-	21-12-2023	21-1
			Improvement of Haji Arshad Ali Miyazi Jame	2023	13:00pm	202
			Mosque, Hatiya Pourashava, Latitude:	12:00pm		14:00
			22.258, Longitude: 91.143. Under Hatiya Upazila, Dist. Noakhali.			
2	910143	LTM	GSID-2/NOA/DW-234	21-12-	21-12-2023	21-1
			Improvement of Rahania Aslam Mia Jame	2023	13:00pm	202
			Mosque, Union: Burirchar, Latitude: 22.2315,	12:00pm		14:00
			Longitude: 91.1704. Under Hatiya Upazila,			
			Dist. Noakhali.			
3	910144	LTM	GSID-2/NOA/DW-235	21-12-	21-12-2023	21-1
			Improvement of Sagoria Bazar Sarbojonin	2023	13:00pm	202
			Kali Mondir, Union: Burichar, Latitude:	12:00pm		14:00
			22.1962, Longitude: 91.1324. Under Hatiya			
4	910145	LTM	Upazila, Dist. Noakhali. GSID-2/NOA/DW-236	21-12-	21-12-2023	21-1
7	310140	LIM	Improvement of Hatiya Pourashava	2023	13:00pm	202
			Sarbojoinin Kali Mondir, Hatiya Pourashava,	12:00pm	13.00piii	14:00
			Latitude: 22.288, Longitude: 91.136. Under	12.00piii		14.00
			Hatiya Upazila, Dist. Noakhali.			
5	910146	LTM	GSID-2/NOA/DW-237	21-12-	21-12-2023	21-1
			Improvement of Afajia Bazar Haji Nur	2023	13:00pm	202
			Ahammed Mosque, Union: Nolchira,	12:00pm		14:00
			Latitude: 22.362, Longitude: 91.122. Under			
			Hatiya Upazila, Dist. Noakhali			
6	910147	LTM	GSID-2/NOA/DW-238	21-12-	21-12-2023	21-1
			Improvement of Tanki New Mosque, Union:	2023	13:00pm	202
			Hourine, Latitude: 22.543, Longitude:	12:00pm		14:00
			91.076. Under Hatiya Upazila, Dist. Noakhali			
7	910148	LTM	GSID-2/NOA/DW-239	21-12-	21-12-2023	21-1
			Improvement of Tanki Samaj Joypur Mondir,	2023	13:00pm	202
			Union: Hourine, Latitude: 22.538, Longitude:	12:00pm		14:00
8	910149	LTM	91.074. Under Hatiya Upazila, Dist. Noakhali GSID-2/NOA/DW-240	24.42	04 40 0000	24.4
0	910149	LIM		21-12- 2023	21-12-2023 13:00pm	21-1
			Improvement of Haji Mokhalachiya Jame Mosque, Hatiya Pourashava, Latitude:	12:00pm	13:00pm	14:00
			22.302, Longitude: 91.1401. Under Hatiya	12.00pi11		14.00
			Upazila, Dist. Noakhali			
9	910150	LTM	GSID-2/NOA/DW-241	21-12-	21-12-2023	21-1
"	510100	21111	Improvement of Haji Sultan Sowdagor Jame	2023	13:00pm	202
			Mosque, Union: Tomoroddi, Latitude:	12:00pm	10.000	14:00
			22.2930, Longitude: 91.0767. Under Hatiya	12.000		
			Upazila, Dist. Noakhali			
10	916113	OTM	GSID-2/CDSP/NOA/HATI/2022-23/W-61	21-12-	21-12-2023	21-1
		_ ,	Improvement of Ali Bazar-Dorbesh Bazar	2023	13:00pm	202
			Road (Champa Ghat - Chairman ghat	12:00pm		14:00
			Connecting Road) from Ch. 2600-3050m at			
			Boyer Char under Hatiya Upazila, Dist.			
			Noakhali only e-Tender will be accepted in the National e-			

information and guidelines (helpdesk@eprocure.gov.bd).

Mohammad Azharul Islam Executive Engineer Phone: 0321-61340