Star BUSINESS

The government plans to use drones extensively to inspect and surveil public projects across the country in order to ensure quality

Story on B4

BB tightens rules for appointing bank directors

Willful defaulters will be ineligible for five years even after being stricken off the default list

STAR BUSINESS REPORT

The Bangladesh Bank yesterday toughened rules on the appointment of bank directors and banned willful loan defaulters and tax evaders from sitting on boards as it moves to restore governance in the banking sector.

It came as the central bank brought in a raft of changes to the Bank Company (Amendment) Act, 2023.

The banking industry in Bangladesh is currently going through one of its toughest times in recent years as people's trust in them has taken a beating owing to massive irregularities at some lenders, directors' undue intervention, and rising bad loans.

The minimum age limit for directors has been set at 30, according to the central bank's comprehensive regulation issued on the day.

Previously, there was no minimum age for a bank director and a few banks appointed board members who were aged less than 30.

The directors must have at least 10 years of experience in either management and business or have professional experience, according to the amendment.

The work experience before the age of 18 will not be taken into account, however.

The regulation said willful defaulters will be ineligible to become directors for five years even after being excluded from the default list of a bank and financial institution.

Banks will have to appoint a director who is not associated with any company whose registration or licence has been cancelled, the BB said.

The new rules said there must be assurance from the bank that that individuals who qualify to become directors were not convicted of a criminal offence or involved in any forgery, financial crime or other illegal activities.

Persons who faced adverse judgements in any case and who were penalised for violating rules will not qualify.

The eligible directors must not have any other profitable position in any other bank, financial institution, insurance company, or the subsidiary of the bank.

Banks can appoint an individual as a director who has never been declared bankrupt by a court. He or she can't be a tax defaulter either personally or on behalf of their sole proprietorship or partnership.

The board of directors will have to be comprised of a shareholder director, a representative on behalf of the shareholder director, independent directors and alternative directors, if necessary.

The number of maximum directors will be 20 while there have to be at least three independent directors.

More than three members from a single family would not be able to hold the position of director simultaneously.

Allowances for directors

Directors will get the highest Tk 10,000 as an honorarium for attendance at board meetings or associate committee meetings, up from Tk 8,000 now.

NEW RULES FOR APPOINTING DIRECTORS

- Minimum age limit for a bank director set at **30** years
- Willful defaulters can't be directors for five years after exclusion from default list
- An independent director will get Tk **50,000** per month as allowance
- Directors must have **10** years of professional/business experience
- Persons involved in illegal activities can't be directors
- Maximum number of directors should be **20** including **3** independent directors

The directors will be entitled to the honorarium for attending two board meetings, four executive committee meetings, one audit committee meeting, and one risk management committee meeting a month.

Independent directors will get a maximum of

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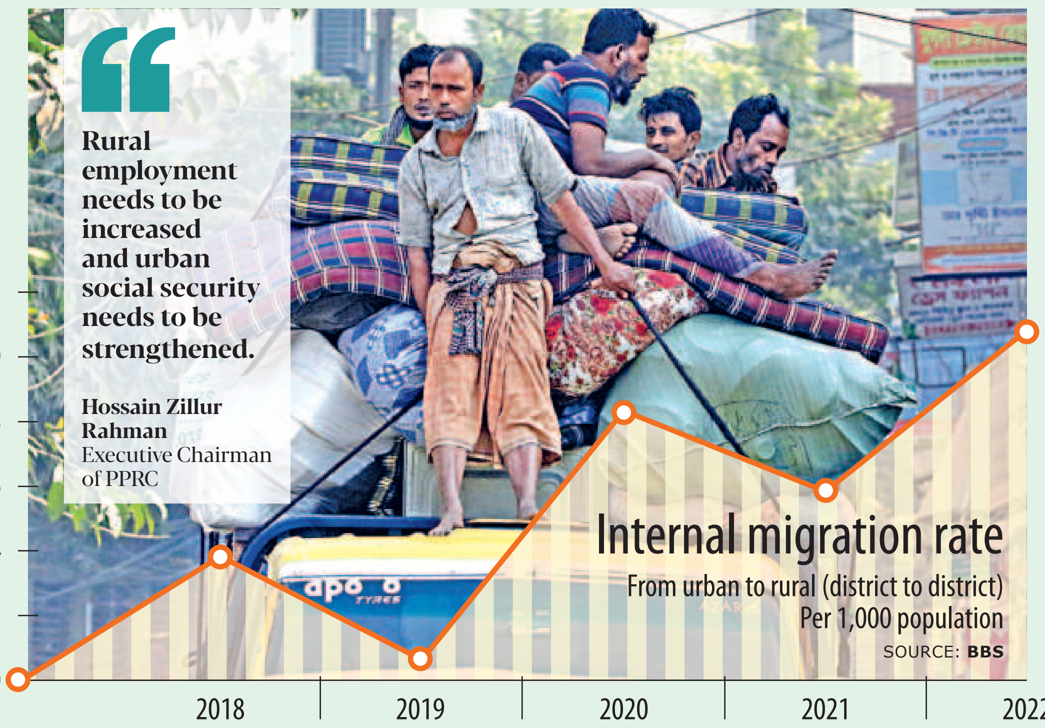
Signs of reverse migration to villages as economic struggle persists

Inter-district migration

- Migration from urban to rural areas jumped **84.7**% year-on-year in 2022
- Migration from rural to urban areas rose **43.47**% year-on-year in 2022

Reasons behind reverse migration to villages

- Higher living costs in urban areas
- Lower social safety measures in urban areas
- Slower revival of SME sector from pandemic blues



AKANDA MUHAMMAD JAHID

The number of people who returned to villages from cities and major towns almost doubled in 2022 from a year ago as living expenses exceeded their incomes, official figures showed.

Some 10.9 out of every 1,000 people returned to the countryside in 2022, up 84.7 percent year-on-year, according to Bangladesh Sample Vital Statistics published recently by the Bangladesh Bureau of Statistics (BBS).

In contrast, migration to urban centres from rural areas rose by 43.47 percent to 26.4.

Md Alamgir Hossen, project director of the Sample Vital Registration System of the BBS, cited the lingering impact of the Covid-19 pandemic on people's lives and livelihoods for the domestic reverse migration.

"Besides, higher inflation and the Russia-Ukraine war had both economic and social impacts."

He said people try to deal with shocks in different ways and adopt various strategies. Migration is one of the strategies.

For economic reasons, a family's breadwinner relocates when he or she finds employment opportunities. Besides, people move to new places due to social reasons such as marriage.

"These factors also play a major role in internal migration," Hossen said.

According to the BBS, the number of people who moved to rural areas from urban centres was 0.7 and 3.9 in 2018 and 2019, respectively, out of every 1,000 people. It surged to 8.4 in 2020 as many left cities en masse after the government enforced a nationwide shutdown in March of the year to limit the spread of the virus.

On the other hand, the number of people who moved to urban areas from villages fell to 12.7 per thousand in 2020 from 15 in the previous year.

"Many people returned to villages to absorb the shock of the pandemic," Hossen said.

As restrictions eased following the improvement of the pandemic situation, the flow from villages to towns fell to 5.9 per thousand in 2021.

Some 18.4 people went in the opposite direction, which was 48 percent higher than the previous year.

In the years before the pandemic, people migrated to cities and towns in search of jobs and to do business as the economy thrived.

The state-run statistical agency said the yearn to live with family members accounts for 63.4 percent of domestic migration. Among other factors, economic opportunities come second at 16 percent.

Imran Matin, executive director of the BRAC Institute of Governance and Development, said people moved to villages at the height of the pandemic after failing to cope with the higher cost of living amid lower social safety nets available for the vulnerable non-poor in towns and cities.

So, after returning to villages, they had to dip into their savings to make expenses. When the economy reopened, they returned to urban areas.

"But due to the lingering economic crisis owing to higher inflation and the Ukraine war, they were compelled to back to villages again," Matin said.

Bangladesh's inflation persisted above 7 percent in the second half of 2022 owing to external and internal crises, eroding the purchasing power of the poor and the low-income groups disproportionately.

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DSE key index hits 16-month high as optimism builds up

STAR BUSINESS REPORT

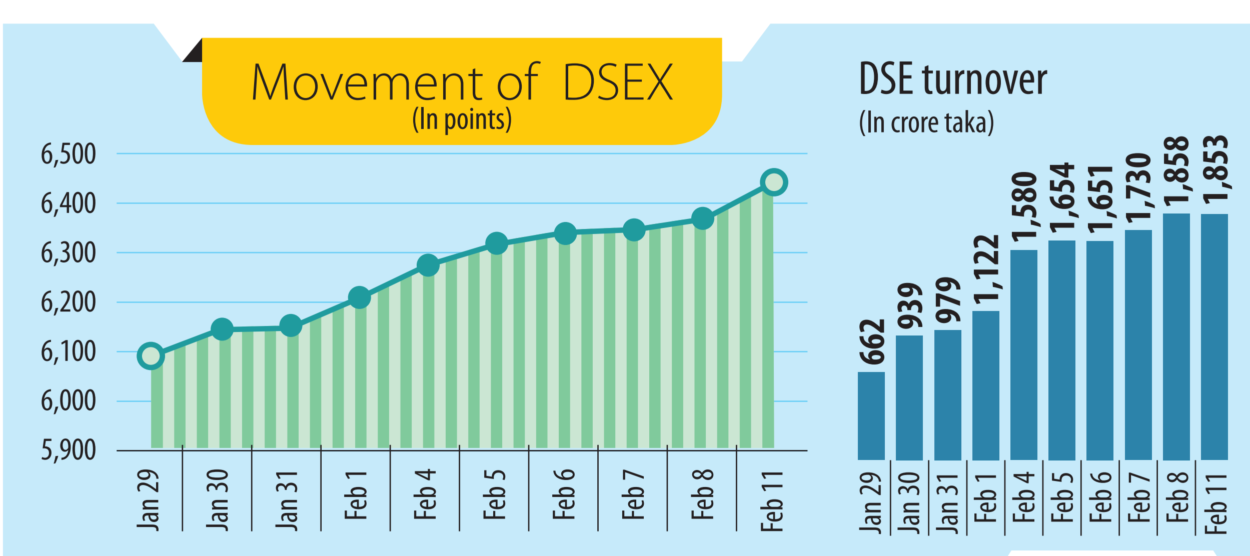
Shares on the Dhaka Stock Exchange (DSE) rose yesterday as investors continued to maintain a high rate of trade over the past 10 days with hopes of a further increase in the stock prices.

The DSEX, the benchmark index of the DSE, went up by 73 points, or 1.16 percent, from that on the last trading day to close at 6,447 yesterday.

With that, the index has risen for 10 consecutive trading days, reaching a 16-month high.

The last time it was at this level was on October 16, 2022, when it had reached 6,478 points.

The DSE 30 Index, which comprises blue-chip companies, rose 21 points to finish at 2,159 whereas the DSE Shariah Index (DSES) advanced 10 points to 1,398.



A large number of retail investors increased their participation in the market with hopes that many stocks will rise in the coming month, said a stock broker

Turnover slightly dipped to Tk 1,853 crore where it was Tk 1,858 crore in the preceding session.

A large number of retail investors increased their participation in the market with hopes that many stocks will rise in the coming month, said a stock broker.

However, most investors are rushing for stocks based on rumours instead of doing their research and acquiring stocks of companies with good performance records, he said.

As a result, most stocks of companies with good performance records are rising in a sluggish manner, although some others are rising continuously.

On the other hand, many stock investors hope for banking companies to disclose a better performance for 2023 and this was why they were buying associated stocks, he added.

The banking sector is going to announce dividends soon, so many investors are pouring their money into lucrative banks, said a merchant banker.

Listed multinational companies are also announcing their financials and dividends. So, some institutional investors are rearranging their investments taking into consideration the performances of the companies, he added.

Among the major sectors, banking stocks rose the highest (4.29 percent) followed by non-bank financial institutions (4 percent) while the engineering sector faced the biggest erosion (1.45 percent).

Of the issues that were traded at the premier bourse of the country, 165 advanced, 196 declined and 33 closed unchanged.

Shares of the South Bangla Agriculture & Commerce Bank topped the gainers' list with a rise of 10 percent, followed by Social Islami Bank (9.90 percent), Mithun Knitting and Dyeing (9.89 percent), HR Textile (9.88 percent), Aramit Cement (9.81 percent), Prime Finance & Investment (9.80 percent), Intraco Refueling Station (9.78 percent), National Bank (9.72 percent), Best Holdings (9.71 percent), and Sikder Insurance Company (9.70 percent).

Shyampur Sugar Mills lost the most (8.74 percent) followed by Renwick Jajneswar & Co (Bd) (5.70 percent), Intech (5.61 percent), Beach Hatchery (5.52 percent), Bangladesh Industrial Financial Company (5.43 percent), Renata (5.40 percent), Central Pharmaceuticals (5.40 percent) and Olympic Accessories (5.18 percent).

Chittagong Stock Exchange also rose yesterday. The Caspi, the broad index of the port city bourse, surged 309 points, or 1.69 percent, to 18,605.

WEEKLY INTERVIEW

Pharma sector exports on the rise

Says an industry leader

JAGARAN CHAKMA

The pharmaceuticals sector of Bangladesh appears to be rebounding from the crisis stemming from both external and internal fronts in recent years as exports are growing, said a top official.

The shipment rose around 10 percent year-on-year to $117.38 million in July-January of the current financial year, data from the Export Promotion Bureau showed.

"The export of the pharmaceuticals sector is increasing," said SM Shafiuzzaman, secretary general of the Bangladesh Association of Pharmaceutical Industries.

"But it can't be said that the sector is going to see a full recovery soon since the global economy still faces deep uncertainty and the exchange rate has not stabilised yet."

He says the sector will fare well in the export market in the current fiscal year as shipments in highly regulated markets such as the US, Australia, and the European Union are increasing.

"The export is on the rise despite the global economic crisis as some local manufacturers have raised the quality of their products to the level of US and European standards. The quality drugs have not only led to increased exports but also brightened the image of the country."

According to Shafiuzzaman, the sector is, however, facing problems in securing raw materials as manufacturers are import-dependent.

Bangladesh's local currency has weakened by about 30 percent against the US dollar in the past two years, making imports costlier and exports attractive.

The country needs to import $1.3 billion worth of raw materials for the pharmaceuticals sector a year since local firms can at best meet 10

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