

# Star BUSINESS

The domestic market for fire safety and security equipment is growing, creating opportunities for local manufacturing and exports



Story on B4

## GDP growth slowed to 13yr low in FY23, excluding pandemic period

REJAUL KARIM BYRON

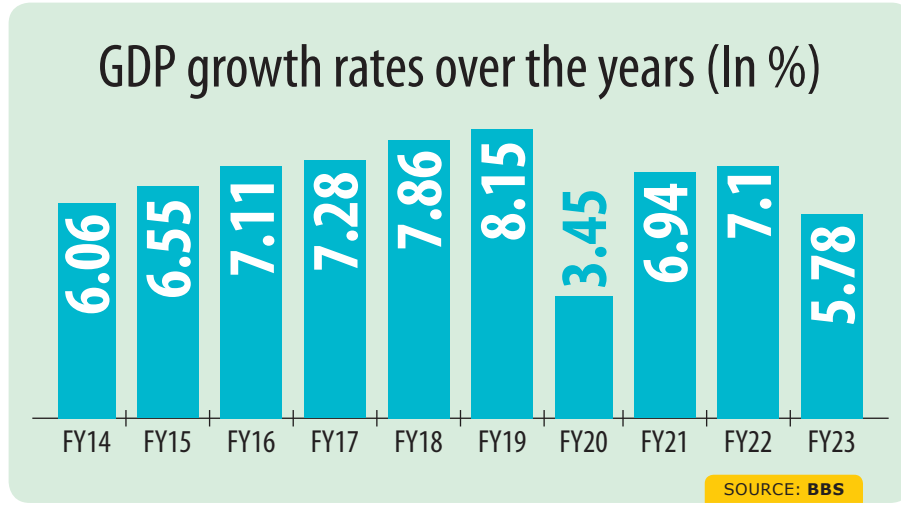
Bangladesh's gross domestic product grew 5.78 percent in the last financial year, one of the slowest paces of expansion in 13 years, as consumption nosedived, according to the final figures published by the Bangladesh Bureau of Statistics (BBS).

A provisional estimate released in May last year showed that the economy expanded by 6.03 percent in 2022-23, down from 7.1 percent in 2021-22.

FY23's GDP growth was one of the slowest since 2011-12, with the 3.42 percent posted in 2019-20 being the lowest, driven by the devastating effect of the coronavirus pandemic when many countries, in fact, saw contraction.

Compared to the provisional numbers, the growth rate in the agriculture and industrial sectors increased in the final estimate in FY23, while it decreased in the service sector.

The service sector's growth dropped



47 basis points to 5.37 percent in the last financial year that ended in June compared to the interim estimation. It was 6.26 percent in FY22.

Agriculture GDP was up 76 basis points to 3.37 percent.

The industrial sector GDP rose 19 basis points to 8.37 percent in FY23. It was 9.86 percent in the final estimate a year ago.

Owing to the lingering impacts of the coronavirus pandemic

and the outbreak of the Russia-Ukraine war, Bangladesh's economy faced one of the worst periods in FY23, with foreign currency reserves plummeting, the taka losing its value sharply, and inflation surging to record levels.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said the service sector saw slower growth mainly because of people's reduced purchasing power.

"On the one hand, the prices of essentials increased. On the other hand, wages did not go up. As a result, people had to cut back on their non-essential expenditures."

Activities in the transport sector and the trade sector also slowed down.

According to the BBS, the growth in wholesale and retail trades, which contribute 15.26 percent to the GDP, dropped 27 basis points to 6.38 percent. It was 8.46 percent in FY22.

The transport and storage sector, which accounted for 7.29 percent of the GDP, witnessed 50 basis points decline to 5.49 percent in the final estimate.

The service sector's performance was impacted by the slowdown in real estate, financial and insurance activities, accommodation, and food service activities.

On Thursday, the BBS, for the first time, published its quarterly report on GDP and released a report on the first quarter of the current fiscal year.

It showed the economy grew at 6.07 percent in July-September of 2023-24.

The agriculture sector witnessed an expansion of 0.84 percent while it was 2.07 percent in the same period of FY23.

The service sector's growth fell to 3.96 percent from 12.87 percent while the industrial sector grew by 9.67 percent against 7.17 percent a year earlier.

Hussain said the country has been experiencing higher inflation for the past two years. "This affected the service sector's growth."

In Bangladesh, inflation has stayed at an elevated level since May 2022.

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## Rationalise tariff regime for export diversification

### Experts say at seminar

STAR BUSINESS REPORT

High tariffs on the import of raw materials are a major barrier to the diversification of Bangladesh's export basket, a noted economist said yesterday.

Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem), said Bangladesh's average nominal tariffs are currently higher than the average tariffs of low-income, middle-income and high-income countries.

"The import tariff in Bangladesh is very high. That's why you have to find a way to rationalise the tariff regime in Bangladesh," he said at a seminar, styled "Bangladesh's Export Readiness: post-LDC graduation perspective", organised by the Dhaka Chamber of Commerce and Industry (DCCI) at its office in the capital.

"Our industrialisation has been dependent on readymade garments. So, export diversification is limited. Although Bangladesh exported some new products, they could not survive in the market for long. It's very alarming," Raihan said.

According to the Policy Research Institute of Bangladesh, the country exports 1,377 non-readymade garment products. Of them, 174 products are highly competitive, 408 items are moderately competitive and 795 are marginally competitive.

Bangladesh's Export Policy 2021-2024 aims to increase export earnings from \$45 billion to \$80 billion by facilitating the shipment of non-traditional and labour-based goods.

In his presentation, Raihan said the export baskets of Vietnam, Thailand and India showed

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## WEEKLY INTERVIEW



Ahsanur Rahman

### 'Categorise companies on governance, not dividend'

AHSAN HABIB

Listed companies should be categorised based on the quality of their governance instead of their dividends as governance has a long-term impact for investors, said Ahsanur Rahman, CEO of BRAC EPL Stock Brokerage.

"While dividend is an important metric when considering a business, we should also consider the growth aspect of a business," he told The Daily Star during a recent interview.

"For a high-growth company, it will be more appropriate to allow retention of more cash and use it to accelerate growth and increase shareholder value and not to go for a higher stock dividend, which also results in dilution," he said.

"Instead, like many developed markets, we may introduce share buybacks, which would also benefit investors," he said.

If a company holds annual general meetings regularly, provides disclosures timely, and

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## Roadmap for banking reforms: Implementation is the key

MD MEHEDI HASAN

Although the roadmap drawn up to reform the banking industry of Bangladesh may seem attractive on the surface, there are questions regarding its efficacy in ensuring good governance in the scam-hit sector.



2026.

The overall NPL ratio was 9 percent by the end of last year.

The state-run banks accounted for the bulk of the bad loans as 20.99 percent of their disbursed funds had soured by the end of 2023.

As such, the BB has included measures to reduce the NPL ratio of public banks to less than 10 percent within the deadline.

Although most of the action plans and policy reforms already exist while others were added in the Bank Company (Amendment) Act 2023, the governance in the sector is getting worse.

For example, the roadmap shows that the banking regulator will provide necessary instructions to prevent lenders from exceeding the single-borrower exposure limit.

However, the provision is not new as it has existed in the Bank Company Act for more than a decade. Still, exceeding the single-borrower exposure limit has become a regular practice in the banking industry.

Around 89 borrowers of four state-run banks, namely Sonali Bank, Janata Bank, Agrani Bank and Rupali Bank, had exceeded the limit as of June last year, as per a central bank report.

Under the current single-borrower exposure limit, banks are allowed to disburse loans equal to 25 percent of their total capital to an individual client.

Against this backdrop, economists and financial experts said that implementing the existing policies is more important than introducing new ones.

Salehuddin Ahmed, a former central bank governor, recently said regulatory bodies are failing to adequately punish those who do not follow banking laws.

As per the first policy change included in the roadmap, banks are allowed to write off loans that remain

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### Current challenges of banking sector

- Bad loans at banks now 9% of total loans
- Bad loans at state banks 20.99%
- Lack of good governance in banks
- Rising number of weak banks
- Political influence on banks

### BB's expectations within 2026

- Bad loans will come down to below 8%
- Bad loans at state banks will fall to 10%
- Loan irregularities to come down to zero
- Weak banks will merge with sound ones
- Banks' boards will be strengthened

The Bangladesh Bank outlined 17 action plans under the roadmap released on February 4.

The initiative mainly aims to bring down the ratio of non-performing loans (NPLs) to below 8 percent and ensure good governance in the sector by June

## Career Opportunity

Head of Liability Marketing & Cash Management

Commercial Bank of Ceylon PLC (CBC) is one of the fastest growing regional Banks with the presence in Sri Lanka, Bangladesh, Maldives and Myanmar. In 2020 the Bank has celebrated 100 years of its global existence. The Bank has been operating in Bangladesh for over 20 years under CBC flagship.

While operating with successful stride, the CBC-Bangladesh bagged the Rating of : AAA (triple A) by Credit Rating and Information Services Ltd. (CRISL) for the 13 consecutive years and a number of prestigious award such as Most Sustainable Bank in Bangladesh 2023 by International Business Magazine, Dubai, UAE (for 3rd consecutive year), Best Foreign Bank Bangladesh 2023 by Global Economics, UK, (for 4th consecutive year) and Best Corporate Bank Bangladesh 2023 by Global Business Review Magazine, UAE (2nd consecutive year)

As a part of the expansion plan of CBC Bangladesh PLC, we are looking for the right individual as the Head of Liability Marketing & Cash Management Unit to cater the Bank's view to lead the winning team to drive forward the Bank's position and further establish their name in the industry. The Bank seeks to recruit a talented and dynamic individual who match with and meet the following:

#### Job Profile

The Head of Liability Marketing & Cash Management Unit will be responsible for overall management of Liability Marketing and Cash Management Operations of the Bank. The major role includes enhancing deposit base of the Bank to support Bank's expansion drive and improve deposit mix through various initiatives and strategies as per the Corporate Goals and Objectives of the Bank. This role has to operate a Sales team supporting the Deposit Mobilization from Corporate, SME and Retail Clients and also has oversight over both Implementation and Channel support units in Cash Management. The position needs to formulate actions to drive non funded income for the entire Bank as well as to take up and operate the Cash Management products and services to all customers.

#### Roles and Responsibilities

- Develop and execute sales and marketing strategies targeting desired segments
- Ability to create and lead a large team of target oriented sales executives
- Originate and solicit new deposit relationship opportunities
- Track and measure the effectiveness of marketing strategy
- Understanding of Digital Banking platform of the bank
- Tracking and reporting on marketing metrics
- Staying up-to-date on the latest trends in liability marketing and keep the bank abreast of evolving industry dynamics
- Collaborate with MFS delivery channels

#### Qualifications & Experience

- The ideal candidate should have a master's degree in Business Administration preferably in Finance or Marketing. He/she should have strong understanding of liability marketing both in institutional and retail. Hands on experience in Cash Management for more than 5 years in Banks and/or in Financial Institutions.
- The candidate should have adequate Marketing & Sales Skills and necessary exposure in managing teams both as team leader and team player.
- Should have required Computer and Word Processing capacities including the skills for presentation of thoughts, ideas and projects
- A high level of written and oral communication skills is a must for the position
- Ability to work under pressure and meet deadlines

#### Our Offer

The successful candidates will be offered attractive Salary which is negotiable and an excellent career opportunity to grow and excel towards achieving the individual goals. The remuneration package includes the fringe benefits, commensurate with benchmarked financial institutions.

Candidates meeting the above criteria and prepared to join the winning team of the best rated International Bank in the country shall apply at [career@combankbd.com](mailto:career@combankbd.com) not later than 26 February 2024. Only shortlisted candidates will be considered for further processing of their candidature.

**Commercial Bank of Ceylon PLC**

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