

Star BUSINESS

Shrimp farmers are facing serious losses as enclosures used for raising crustaceans are drying up due to the ongoing heatwave



Story on B4

IMF asks about NPL classification

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A visiting delegation of the International Monetary Fund (IMF) in meetings with Bangladesh Bank officials yesterday sought to know about the country's non-performing loans (NPLs) classification process, loans write-off policies, financial incentives, and digital banking.

The mission met with the deputy governors, policy advisor, executive directors and directors in different meetings at the central bank headquarters.

The IMF mission also met with Bangladesh Bank Governor Abdur Rouf Talukder as part of its mid-mission brief.

The mission also wanted to know the reason behind the banking sector's high amount of non-performing loans and ways to reduce it, a meeting source said.

The central bank recently introduced a roadmap to reduce bad loans in the banking sector as per the IMF's prescription.

Bangladesh Bank aims to reduce the bad loans to less than 8 percent of all outstanding loans by June 30, 2026. The state banks' defaulted loans will be less than 10 percent and that of private banks will be under 5 percent, as per its roadmap.

Under the roadmap, the banking regulator relaxed the loans write off policies.

Under the new rules, banks will be able to write off loans that have been in the "bad and loss" category for two years by keeping 100 percent provisioning against those. Previously, banks had to wait for three years before they could write off the loans.

After the mid-mission brief, BB Executive Director and Spokesperson Md Mezbaul Haque told reporters that the mission informed about their discussions with several BB departments in the last few days.

Will BSEC ever learn from its missteps?



Movement of DSEX

In points; SOURCE: DSE

* BSEC narrows circuit breaker limit to halt panic selling

The regulator should not try to control prices. It should instead focus on ensuring good governance, bringing transparency in the market and stopping manipulation

Faruq Ahmad Siddiqi
A former chairman of BSEC

TIMELINE OF INTERVENTION

- » **March 2020:** Floor price introduced for the first time
- » **April 2021:** Floor price was being lifted in phases
- » **July 2022:** Floor price imposed again
- » **December 2022:** Price curb was lifted for 169 companies
- » **March 2023:** Floor price was reintroduced for the 169 firms
- » **January 2024:** Process started to lift floor price
- » **April 2024:** Lower limit in circuit breaker reduced to 3%

Why analysts don't prefer price curb mechanism

- » It dents investors' confidence
- » Index does not show the real situation
- » Stocks fall in the long run

Reforms needed in economic governance, banking: ADB

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Bangladesh needs reforms in its economic governance, banking sector, tax collection and public procurement practices to bring the economy back on track and quickly become a higher-middle-income country, according to the Asian Development Bank (ADB).

"I guarantee that the country would benefit from focusing on these as it would ensure healthy economic growth and boost investment," said Edimong Ginting, Bangladesh country director of the ADB.

Ginting made these comments while addressing a quarterly luncheon meeting with the Metropolitan Chamber of Commerce and Industry (MCCI) at the latter's Gulshan office in the capital yesterday.

He also said sustainable growth must be adopted with proper policies considering future demand. Also, sustainable investment should be facilitated as soon as possible for the country's continued economic growth.

Citing an ongoing discourse over whether governance or development should be given priority, Ginting said he believes it is the latter that should come first.

He emphasised the need for proper governance in development alongside policy reforms to facilitate investment considering the needs of investors.

According to Ginting, local institutions are slow in adopting change.

Against this backdrop, he pointed out that

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AHSAN HABIB

The Bangladesh Securities and Exchange Commission (BSEC) has stepped in to limit the loss that a company might suffer in a single day, preventing the market from running on its natural course.

However, the new move did not work because investors have kept selling shares within the new limit, forcing the key indices of the Dhaka Stock Exchange (DSE) to drop in the last two sessions out of three.

On Wednesday, the stock market regulator narrowed the scope of stocks to fall more than 3 percent daily instead of the previous 10 percent since the market shows no sign of improvement.

The latest curb came two



months after the withdrawal of the floor price, launched in mid-2022 for the second time in the market's history to stop a major fall amid the unprecedented economic crisis, brought on by the Russia-Ukraine war, higher commodity prices in the global market, and the volatility in the foreign exchange market.

Analysts say the regulator's

intervention is denting investors' confidence and it comes at a time when they are still smarting from the wounds caused by the 18-month-long floor price, a period when most of the stocks were untradeable.

Now, foreign investors appear to have gone for sell-offs amid falling corporate profits, lower economic growth projections,

persisting higher inflation, a sharp depreciation of the local currency, and the depletion of foreign currency reserves. This means there is no clear signal of when the country will be able to come out of the current phase of uncertainty.

Therefore, the regulator should have carried out a proper analysis and research before implementing any new policy so that no moves do more harm than good, said one analyst.

A top official of the BSEC also confirmed that the decision on the 3 percent decline limit was not taken based on any research. "Even, it was not the outcome of a formal commission meeting."

Foreign and institutional investors are already suffering from a serious confidence crisis due to the floor price.

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STOCKS	
DSEX ▼	CASPI ▼
0.82%	0.38%
5,569.68	15,938.05

COMMODITIES	
Gold ▲	Oil ▲
\$2,342.96	\$83.66
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.23%	▲ 0.81%	▲ 0.06%	▲ 0.79%
74,635.11	37,934.76	3,282.05	3,113.04

ICT sector against scrapping of tax exemption facility

MAHMUDUL HASAN

The government should keep supporting the information and communication technology industry to help it tap its true potential at home and abroad instead of withdrawing tax exemptions as recommended by the International Monetary Fund (IMF), a top leader said.

The demand from Russell T Ahmed, president of the Bangladesh Association of Software and Information Services (BASIS), comes as the tax breaks for software and IT-enabled service (ITES) companies of the country are set to expire in June.

The government plans to abolish the tax benefits for various sectors to accelerate revenue collections in line with targets set by the IMF as part of its \$4.7 billion loan.

The government, using calculations of the National Board of Revenue (NBR), thinks it is foregoing Tk 1,477 crore in revenue annually because of the tax exemptions granted to the ICT sector, Ahmed said.

The NBR has also estimated an annual profit of Tk 5,000 crore for the sector. However, the collective actual revenue of IT companies is significantly lower than this, let alone profits, he said.

"Our firm belief is that there is a miscalculation regarding the profits of companies. If the IMF recommended the withdrawal of tax benefits based on the NBR's calculation and subsequently these benefits are scrapped, the impact of such a decision will be devastating

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Heatwave comes as a blessing for salt farmers

Salt production hits an all-time high

MOKAMMEL SHUVO

While the heatwave that has swept over Bangladesh since the start of April has been piling on the misery for millions, these same hot days have come as a boon for salt farmers across the nation.

Harnessing the power of the scorching sun, crude salt farmers have broken the previous record of salt production.

According to the Bangladesh Small and Cottage Industries Corporation (BSCIC), the record salt production over the past 62 years came in fiscal year 2022-23, when 2,232,890 tonnes of salt was produced.

However, until April 28 of this fiscal year, salt production has surpassed all previous milestones, reaching 2,234,658 metric tonnes.

Md Zafar Iqbal Bhuiyan, deputy general manager of Salt Industry's Development Office in Cox's Bazar, said that the production time had been reduced to a fraction due to the intense heat.

"Due to dry weather and intense heat, salt production is going on in full swing. In previous years, salt matured in eight to nine days. But now farmers can harvest salt in around 24 hours due to the intense heat," he said.

"As there is so much heat, salt is converted into hard grains overnight after the seawater accumulates in the field in the morning," he added.

Cox's Bazar is the main hub of salt production in the country and Bhuiyan



estimated 38,000 metric tonnes of salt are being produced each day.

"Farmers are producing around 38,000 tonnes of salt every day. If this trend continues, there will be surplus supply in Bangladesh," he said.

The record production of salt has also led to a decline in price.

Currently, the average price of crude salt at the salt field level is Tk 312 per maund (1 maund equals 37 kilogrammes), down sharply from Tk 420 per maund last year.

However, Bhuiyan warned that salt traders could not make as much profit as they were a few months ago when the

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Another market in Dhaka goes cashless

STAR BUSINESS REPORT

If you wander around the Khilgaon Taltola City Corporation Super Market, you may come across a number of fish traders lining the outside.

Although that in itself is not an unusual sight in markets around Bangladesh, the key difference in this market is that even these fish traders will accept cashless payments, as will the other 1,047 small and large merchants that have set up shop inside the market.

This comes as part of an initiative aiming to empower over a thousand small and large merchants with digital payment acceptance infrastructure.

The Bangladesh Bank (BB) and the Dhaka North City Corporation (DNCC) yesterday announced a collaboration with Mastercard to inaugurate the Cashless Khilgaon Taltola City Corporation Super Market.

The other partners in the initiative include City Bank PLC, Mutual Trust Bank PLC, and SSLCOMMERZ.

Syed Mohammad Kamal, country manager of Bangladesh at Mastercard, added that merchants at the market will now be able to accept payments through Bangla QR and POS machines, allowing them to create a digital footprint for their businesses and get access to formal financial services.

At the same time, consumers will be able to make quick and secure digital

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