

Star BUSINESS

Bangladesh is doing better than many countries in reducing poverty. But questions remain whether the data about poverty alleviation matches reality, says an expert



Story on B4

Saif Powertec not publishing financial reports for 18 months

AHSAN HABIB

Saif Powertec has not published quarterly and yearly financial reports over the past one and a half years, which is a breach of listing regulations. The provider of infrastructure support services did not issue a financial report for fiscal year 2022-23 or a quarterly report for the third quarter of the same year. It also failed to release reports for the two quarters of the subsequent year, meaning FY2023-24.

As a result, general investors remained in the dark about the financial performance of the company during this period.

General investors remained in the dark about the financial performance of the company during this period

In the meantime, some large investors have started manipulating the price of the stock by trading it among themselves, causing its value to soar over the past week, according to market analysts.

On Thursday, the stock topped the gainers' list, surging 9.91 percent from that on the preceding day to Tk 25.50 at the Dhaka Stock Exchange (DSE).

An investor, Motahar Hossain Masum, said he had bought stocks of the company for Tk 29 each around two years ago, hoping for a good return.

But the price went down and has gone up only over the past week, he said.

Furthermore, the company did not provide any dividend for the last fiscal year.

Now, Masum is concerned about whether the company is sinking into losses.

"I don't know whether the company has shut down or is still operational as the company is not providing any disclosures. So, I am completely in the dark right now," he added.

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STOCKS		WEEK-ON-WEEK
DSEX ▲	CASPI ▲	
0.81%	1.12%	
5,615.65	16,231.86	

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▼	
\$2,360.48	\$78.19	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.36%	▲ 0.41%	▲ 0.76%	▲ 0.07%	
72,664.47	38,229.11	3,290.7	3,154.55	

No headway in curbing banks' bad assets

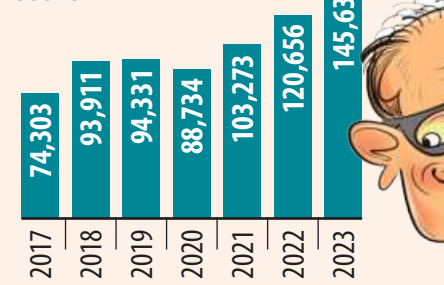
Plan to form asset management company in limbo

KEY POINTS

- ▶ Govt prepared draft Bangladesh Asset Management Corporation Act-2020
- ▶ The initiative faced criticism of economists and IMF
- ▶ Some within the govt want AMC to be led by private sector
- ▶ BB now assessing various options for forming AMC

BAD LOANS IN BANKING SECTOR

In crore taka
SOURCE: BB



BAD LOANS IN BANKS

- ▶ Govt will have to bring down bad loans in banks within 2026 as per IMF prescription
 - State banks: 10%
 - Private banks: 5%
- ▶ Bad loans' ratio at state banks now is 20.99%
- ▶ Bad loans' ratio at private banks now is 5.93%
- ▶ Distressed assets in banks now over Tk 300,000cr

MD MEHEDI HASAN

The formation of an asset management company to reduce bad assets has been in limbo for about four years as the government is yet to decide whether it will be owned by the state or the private sector.

In 2020, the government disclosed the idea of setting up a state-run corporation to buy and trade distressed assets as part of its efforts to help banks clean out their bad loan problems. The Financial Institutions Division (FID) of the finance ministry drafted the Bangladesh Asset Management Corporation Act 2020 (Bamco) to this effect.

The FID has later backtracked following criticism from different quarters, including the International Monetary Fund (IMF), about the formation of a public corporation since state enterprises have usually underperformed in the country.

Experts argue that it will not be wise to use taxpayer money to purchase distressed assets, which have surged to an unprecedented level, hurting the financial sector, in particular, and the economy in general.

Some within the government want the asset management company to be formed by the private sector and some back the idea of keeping it under the control of the state, creating uncertainty, according to several officials of the FID and the Bangladesh Bank who are directly involved with the process.

A senior official of the central bank said the BB has again started the primary work on whether the asset management company can be formed by the private sector.

"We are now studying it and examining the experience of other countries." He said some countries have witnessed positive results by forming state-run asset management companies while some experienced better results by keeping them under private ownership.

"Therefore, we are yet to reach any conclusion whether the company will be formed by the government or the private sector."

The issue of establishing the asset management company has surfaced again because

the government will have to reduce the bad loans of state-run banks to 10 percent and private commercial banks to 5 percent by 2026 in line with the prescriptions of the International Monetary Fund (IMF) as part of its \$4.7 billion loan programme.

At the end of December, bad loans in the banking sector stood at Tk 1,45,633 crore, which accounted for 9 percent of the funds disbursed, BB data showed.

Bad loans held by state banks totalled Tk 65,781 crore, making up 20.99 percent of their outstanding credits. Defaulted loans of private banks were Tk 70,981 crore, which was 5.93 percent of their outstanding loans.

The distressed assets in the entire banking sector stood at Tk 3,75,000 crore last year. These include defaulted loans, rescheduled loans, written-off loans, and the credits that were regularised following court orders.

Last month, the central bank, in its guideline for the merger and amalgamation of banks and

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State banks struggle while foreign lenders make hefty profit. Here's why

AHSAN HABIB

While foreign multinational banks operating in Bangladesh are making hefty profits year after year, the state-run lenders are struggling with low profits despite their huge customer base and vast network across the country.

In 2023, Standard Chartered Bangladesh and HSBC Bangladesh's combined profits stood at Tk 3,334 crore whereas four state-run banks – Sonali, Janata, Agrani, and Rupali – saw a combined profit of Tk 974 crore.

Although the two multinational banks operate just 25 branches, mainly in Dhaka, they logged more than thrice the profits posted by the state-run banks, which have a network across the country thanks to 3,720 branches in total.



The suffering of the state-run banks does not end there.

Until recently, the government had to recapitalise the four banks several times in order to keep them alive. In the 17 years to May 2019, it injected Tk 20,584 crore of the taxpayers' money into the state-run banks – without any tangible improvement in their governance and lending practices to show for it.

Why is there such a huge discrepancy between multinational banks and state-run lenders despite operating in the same business environment? The reason is a lack of efficiency in making business decisions, business focus, and political bias.

While foreign banks are significantly invested in consumer loans and the working capital segment, which are short-term in nature, state-run banks mainly provide term loans, which offer multiple years in the repayment period.

Besides, interest rates for consumer loans are higher compared to term loans, so foreign banks get a lot of mileage for their products. Likewise, consumer loans are less likely to turn sour than term loans.

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Private sector's short-term foreign debt drops

AM JAHID

The private sector's short-term foreign debt has gradually declined over the past three months up until March this year as a high rate of interest is discouraging borrowers from taking such loans from abroad.

The debt stood at \$11.04 billion in March, \$11.07 billion in February and \$11.25 billion in January, according to Bangladesh Bank.

Central bank data shows that the monthly average of debt in this sector has been declining gradually since December 2022 as the interest rate of loans from foreign sources had been higher than that of domestic sources.

This sector's highest amount of debt was \$16.41 billion in 2022. Then, the amount of debt started to reduce gradually and stood at \$11.79 billion in 2023, according to the central bank data.

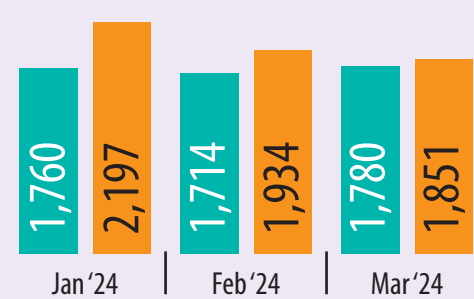
The reason behind the reduction of short-term foreign debt in the

Private sector's short-term foreign loan and repayment

(In million \$)

■ Loan taken
■ Repayment

SOURCE: BB



private sector is high interest rate, said an official of Bangladesh Bank.

The official said the interest rate of short-term foreign debt was only 1 percent prior to 2022.

But it has jumped to 8 percent to 9 percent now. This is why private sector borrowers are feeling discouraged in terms of taking loans from abroad, he said.

Meanwhile, the interest rate

in Bangladesh was 7 percent to 8 percent until June last year since the central bank maintained a 9 percent lending rate ceiling before it was scrapped in July, according to the official.

The lending rate has since increased to 10 percent to 11 percent amid a lingering liquidity crunch.

According to BB data, the private

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Relocation of Principal Branch

Now at
CSD Tower (Ground & 1st Floor)
98, Shaheed Sarani
Dhaka Cantonment, Dhaka

Trust Bank
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16201

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (বিএসইসি) অনুমোদিত

BEXIMCO

বেক্রিমকো ফার্স্ট আনসিকিউরিটিজ জিরো কুপন বন্ড

মুদাফায়
সর্বোচ্চ হারে, সবার উপরে
প্রতি মাসে ১২৫০ টাকা প্রতি লাখে

- ১ লাখ টাকা বিনিয়োগ করলে প্রতি মাসে পাবেন নিট ১,২৫০ টাকা এবং ৫ বছর শেষে ১ লাখ টাকা। এভাবে মেয়াদপূর্তিতে মূল টাকা-সহ ফেরত পাবেন সর্বমোট ১,৭৫,০০০ টাকা
- মাস শেষে টাকা সরাসরি একাউন্টে জমা হবে
- সর্বনিম্ন বিনিয়োগসীমা ৫০,০০০ টাকা এবং বিনিয়োগের কোনো ঊর্ধ্বসীমা নেই

▶ **স্বদেশী বাংলাদেশীদের জন্য বিনিয়োগের অন্যতম শ্রেষ্ঠ উপায়**

১৫০০ কোটি টাকার সম্পূর্ণ নির্ভরযোগ্য জিরো কুপন বন্ড

আগে এলে আগে পাবেন ভবিষ্যতে কেনার সীমিত সুযোগ

বিস্তারিত জানতে
কল করুন **১৬৯০০**
অথবা কিউআর কোডটি স্ক্যান করুন



Arefin appointed MD and CEO of NCC Bank

STAR BUSINESS DESK

M Shamsul Arefin recently joined NCC Bank PLC as its managing director and CEO.

He has previously served NCC Bank as additional managing director, deputy managing director, and senior executive vice-president, according to a press release.

He also performed duties in roles as the bank's chief anti money laundering compliance officer, chief risk officer, head of credit risk management committee and the head of corporate business.

Arefin started his banking career as a management trainee at Eastern Bank in 1994. During his career, he has also worked for ONE Bank, Shahjalal Islami Bank, Jamuna Bank, Premier Bank, and SBAC Bank in different roles, including divisional head and manager.

Arefin completed his bachelor's from Aligarh Muslim University in India and did a master's in finance at the University of Dhaka. He also completed an MBA with a major in finance from North South University.

City Bank to sell Delta Life Insurance's products



Mashrur Arefin, MD and CEO of City Bank, and Anwarul Haque, CEO of Delta Life Insurance Company Ltd, sign a bancassurance agreement in the presence of officials from both organisations.

PHOTO: CITY BANK PLC

STAR BUSINESS DESK

City Bank has signed a bancassurance agreement with Delta Life Insurance Company Ltd.

The signing ceremony was held recently at City Bank's head office, according to a press release.

This agreement will enable City Bank's customers to buy insurance products of Delta Life Insurance directly from the bank under bancassurance guidelines of the Bangladesh Bank and Insurance

Development and Regulatory Authority.

Mashrur Arefin, managing director and CEO of City Bank, and Anwarul Haque, chief executive officer of Delta Life Insurance Company Ltd, signed the agreement on behalf of their respective organisations.

Mohammad Mahbubur Rahman, additional managing director and chief financial officer, Mahia Juned, additional managing director and chief operating officer, Kazi Azizur Rahman, additional managing director

and chief information officer, AKM Saif Ullah Kowchar, deputy managing director and head of ICC, Arup Haider, deputy managing director and head of retail banking, and Ashanur Rahman, chief economist and country business manager, were present.

MI Milton Bepari, assistant managing director and chief financial officer of Delta Life Insurance Company, and Safiul Alam Khan Chowdhury, consultant, and other senior officials of both organisations were present at the signing ceremony.

Rabiul reappointed MD and CEO of Uttara Bank

STAR BUSINESS DESK



Mohammed Rabiul Hossain has been re-appointed as managing director and CEO of Uttara Bank PLC.

His tenure will last until December 31, 2025 till he is 65 years old up, after completion of his 2nd term successfully.

He has been the managing director and CEO of the bank since May of 2016, the bank said in a press release.

His started his banking career at Uttara Bank as a probationary officer in 1987.

Hossain obtained a master's in chemistry from the University of Dhaka and completed an MBA in finance and accounting from a private university. He also earned an "Advanced Certificate in Business Administration (ACBA)" from IBA of Dhaka University.

Honda posts record profit

AFP, Tokyo

Japanese auto giant Honda on Friday logged a record annual profit thanks to improving global vehicle sales, but issued a cautious outlook for the current fiscal year.

The company said net profit for the year to March soared 70 percent to 1.1 trillion yen (\$7.1 billion) on sales of 20.4 trillion yen, up 20.8 percent from the previous year.

Honda has made big outlays as it aggressively pursues a target set three years ago of achieving 100 percent electric vehicle sales by 2040.

Its 2023-24 results come two weeks after it announced the largest automotive investment in Canada's history for a new US\$11 billion EV battery and vehicle assembly plant.

Meghna Bank celebrates 11th anniversary

STAR BUSINESS DESK

Meghna Bank celebrated its 11th year anniversary recently with its staff and clients at the bank's headquarters.

The guests included HN Ashequr Rahman, chairman and founder of Meghna Bank, along with Imrana Zaman Chowdhury, vice-chairperson, Kazi Ahsan Khalil, MD and CEO, Javed Kaiser Ally, executive committee chairman, Professor Jonaid Shafiq, director, and other members of the management committee, according to a press release.

Reflecting on the bank's journey, Rahman expressed his gratitude to all the clients and staff who have supported the bank since its inception, emphasising the importance of their unwavering support in achieving the bank's success.

Meghna Bank also organised a blood donation camp in collaboration with the Bangladesh Thalassemia Foundation at its head office, underscoring the bank's commitment to social responsibility.

As a token of appreciation for the dedication and loyalty of its staff, Meghna Bank arranged a long service award ceremony to honour those who have been with the bank for ten years or more.



HN Ashequr Rahman, chairman and founder of Meghna Bank, Imrana Zaman Chowdhury, vice-chairperson, and other officials are seen at an event celebrating the bank's 11th anniversary.

PHOTO: MEGHNA BANK PLC

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAY 11, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 64-Tk 76	-7.9 ↓	3.70 ↑
Coarse rice (kg)	Tk 50-Tk 54	1.96 ↑	8.33 ↑
Loose flour (kg)	Tk 35-Tk 45	-8.05 ↓	-30.43 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 155	1.69 ↑	-16.67 ↓
Potato (kg)	Tk 50-Tk 55	10.53 ↑	40.00 ↑
Onion (kg)	Tk 65-Tk 80	20.83 ↑	16.00 ↑
Egg (4 pcs)	Tk 45-Tk 47	12.20 ↑	-3.16 ↓

SOURCE: TCB



ABM Mokammel Hoque Chowdhury, managing director and CEO of Union Bank, cuts a ribbon to virtually inaugurate the bank's Dhalapara sub-branch from its head office in Dhaka recently.

PHOTO: UNION BANK

Union Bank opens Dhalapara sub-branch in Tangail

STAR BUSINESS DESK

Union Bank recently opened a Dhalapara sub-branch in Tangail.

ABM Mokammel Hoque Chowdhury, managing director and CEO of the bank, inaugurated the

sub-branch as chief guest from the bank's head office in Dhaka, read a press release.

Shafiuddin Ahmed and Md Jahangir Alam, deputy managing directors of the bank, were present.

Among others, Md Arif Hossain,

acting chairman of Ghatail Upazila Parishad, and Md Shafiqul Islam Shafi, chairman of Ghatail Dholapara Union Parishad, along with senior officials from the head office of the bank, and local dignitaries were also present.

Shahjalal Islami Bank celebrates 23rd anniversary

STAR BUSINESS DESK

Shahjalal Islami Bank PLC celebrated its 23rd anniversary on May 9.

Starting operations on May 10, 2001, the bank has been operating in compliance with Islamic Shariah and has successfully completed 23 years of banking activities.

On the occasion of its anniversary, a special dua (prayer) was organised

at all branches and sub-branches as well as the corporate head office, the bank said in a press release.

As chief guest, Mohammed Younus, vice-chairman of the board of directors, said: "Shahjalal Islami Bank has been playing an important role in all fields starting from agriculture, economy, trade, industry, and infrastructure. We hope Shahjalal Islami Bank's

contribution to building a prosperous, sustainable and smart Bangladesh will be stronger and more active."

Mosleh Uddin Ahmed, managing director, said the bank has been providing services to customers cordially and has customers' full trust and confidence, which has helped the bank reach a good position in a short time.



Mohammed Younus, vice-chairman of Shahjalal Bank's board of directors, cuts a cake to celebrate the 23rd anniversary of the bank in the presence of officials.

PHOTO: SHAHJALAL BANK PLC

DBH Finance opens in Mymensingh

STAR BUSINESS DESK

DBH Finance PLC (DBH), a specialist housing finance institution of the country, recently inaugurated a branch in Mymensingh City.

It is DBH's 15th branch in the country.

The branch is located at the heart of the city on the second floor of Parvez Tower in Sharda Ghosh Road, read a press release.

The new branch will offer home loan and fixed deposit services to the people living in this region.

Nasir A Choudhury, chairman of DBH, formally inaugurated the branch in the presence of the prominent developers of Mymensingh region.

Choudhury said that he hopes the new branch will expedite real estate development in this region and contribute to increased home ownership, particularly in the affordable housing segment, which is main focus of DBH.



Nasir A Choudhury, chairman of DBH Finance, inaugurates a branch of the company in Mymensingh while other officials were present.

PHOTO: DBH FINANCE PLC

Poverty reduction rates arithmetically correct

FROM PAGE B4

Devine admits that trying to tease out the exact cause of inequality is complex since there is no single cause but intersections of causes, conditions, opportunities, and constraints.

He also touched upon the current state of Bangladesh's development. "I think this development trajectory has been very positive.

I remember when I first came to Bangladesh in 1989 and when I look at Bangladesh now, it has changed completely."

Prof Devine made recommendations on tackling the key challenges facing the economy. First, Bangladesh has enjoyed

significant success in growth. "How will it nurture the economy so that further growth is made possible?" he asked.

Second, he said, the country needs to deal with inequality and poverty. "Economic growth alone will not address them. Finally, Bangladesh needs to invest in some key life opportunities such as health and education."

Resources will have to be found to augment investments, said Prof Devine.

"These resources will not fall from trees, Bangladesh, as a society, will have to find the resources, and to do that it will have to believe in the value of building a fairer Bangladesh."



A floating rice market on the bank of the Sandhya river in Banaripara upazila of Barishal is abuzz with buyers and sellers. The market sits twice a week on Saturday and Tuesday, with farmers bringing their rice for sale at about Tk 2,100 to Tk 2,200 per maund after processing it at local mills. The picture was taken recently. PHOTO: TITU DAS

US to raise tariffs on Chinese EVs

AFP, Washington

The United States is planning to increase tariffs on Chinese clean energy goods, news reports said Friday, with levies on electric vehicles expected to roughly quadruple.

The move, reported by the Wall Street Journal, comes at the end of a long-awaited review of tariffs that were imposed during a trade war between Washington and Beijing.

Then president Donald Trump imposed tariffs on some \$300 billion in goods from China.

Officials have since initiated a review of the actions, with the US Trade Representative required to look into the impact of the levies – first introduced in 2018 – after four years. A decision, expected on the coming Tuesday according to news reports, would come as President Joe Biden gears up for a rematch with Trump in November's presidential election.

Last month, he urged for a tripling on tariffs for Chinese steel and aluminum as he courted blue-collar voters in the battleground state of Pennsylvania.

In particular, higher tariffs are set to impact critical minerals and solar goods as well as batteries from China, said the Wall Street Journal.

The tariff rate on EVs is also due to rise from 25 percent to around 100 percent, the report added.

This is unlikely to deal an immediate blow to Chinese EV companies, which do not have a large presence in the United States due to existing levies.

Brick-makers threaten to halt production if new taxes imposed

STAR BUSINESS REPORT

Brick-makers yesterday threatened to halt production and sales if the government imposes additional value-added tax (VAT) and income taxes in the upcoming budget.

Firoz Haider Khan, president of the Bangladesh Brick Manufacturing Owners Association (BBMOA), made the remarks after an emergency meeting regarding additional VAT and tax imposition in the upcoming budget, at the conference room of Dhaka Reporters Unity.

"Our business is dull. At the same time, we, the manufacturers, are harassed by the administration and Department of Environment without any valid reason," Khan

added.

Manufacturers are paying Tk 4.5 lakh to Tk 6 lakh as VAT for each brickfield every year alongside renewal fees for environment clearance certificates. Still, the government is planning to impose additional taxes and VAT, Khan said.

According to Khan, there are around 8,000 licensed brickfields across the country, producing around 800 crore bricks annually and contributing to economic and infrastructural development.

He said brick-makers changed their procedures as per the law, such as by adopting zigzag kilns in 2019, thereby reducing air pollution from around 20 percent to 7 percent.

According to him, as per the rules, brickfields may be established at least 500 meters away from educational institutions and one kilometre away from forests.

Khan alleged that despite following all the rules and regulations and paying regular VAT and taxes, the brick-makers were being harassed by government officials.

The BBMOA president claimed that brick-makers provide employment for at least 3,000,000 people.

Despite there being no credible data, the BBMOA believes brick-makers have invested at least Tk 25,000 crore in brick manufacturing.

Russell reelected as BASIS president

Rashidul becomes senior vice-president



Russell T Ahmed

M Rashidul Hasan

STAR BUSINESS REPORT

Russell T Ahmed has been reelected as the president of the Bangladesh Association of Software and Information Services (BASIS) for a two-year term.

M Rashidul Hasan was elected as senior vice president of the apex trade body of Bangladesh's ICT industry.

It elected two other vice presidents: Syed Mohammad Kamal for admin and Iqbal Ahmed Fakhruul Hasan for finance.

The seven elected directors of the BASIS are Md Mostafizur Rahaman Sohel, Didarul Alam, M Asif Rahman, Syed Abdullah Jayed, Mir Shahrukh Islam, Muhammad Risalat Siddique and Biplob Ghosh Rahul.

The election of the executive council of BASIS took place on May 8 with 33 candidates vying for the 11 positions.

Among them, eight were elected from the general category and one each from the associate, affiliate and international categories.

Out of 1,464 voters, 1,157 voted in this year's BASIS election.

TIM Nurul Kabir, chairman of the BASIS election board; Syed Mannun Quader and Nazim Farhan Choudhury, members of the election board, were also present at the executive council handover ceremony yesterday.

Fed official expects no rate cuts this year

AFP, Washington

A senior official at the US central bank said Friday that she doesn't expect any interest rate cuts this year following a recent uptick in inflation.

The US Federal Reserve has held rates at a 23-year high for months as it battles to bring elevated inflation back down to its long-term target of two percent.

After easing significantly last year, inflation has accelerated once more since the start of the year, causing concern among Fed officials as they contemplate the right time to start lowering rates.

"I, at this point, have not written in any cuts" for 2024, Fed governor Michelle Bowman told Bloomberg News in an interview following an event in Texas, referring to policymakers' quarterly economic predictions.

"I've sort of had an even expectation of staying where we are for longer. And that continues to be my base case," added Bowman, who is one of 12 voting members on the Fed's rate-setting Federal Open Market Committee (FOMC).



Prof M Shamim Z Bosunia speaks at a seminar for structural engineers organised by GPH Ispat at the Kushiara International Convention Hall in Sylhet recently. PHOTO: GPH ISPAT

GPH Ispat holds seminar in Sylhet

STAR BUSINESS DESK

GPH Ispat recently held a seminar, titled "Country's only high strength and high performing steel GPH Quantum B600C-R & B600D-R: Improving earthquake resilience", for structural engineers at Kushiara International Convention Hall at Sylhet.

The seminar covered a range of topics, including the properties of high-strength steel, its advantages over conventional steel, and its potential applications in seismic-resistant design.

Discussions also included case studies and real-world examples showcasing the use of high-strength steel to enhance earthquake resilience.

At the programme, Prof M Shamim Z Bosunia presented the keynote paper, providing a detailed

discussion on the importance of using quality steel and concrete to construct strong and durable structures.

He highlighted the critical issues that engineers need to focus on while designing sustainable structures.

Prof Mushtaq Ahmed, faculty member of the Shahjalal University of Science & Technology, was present at the event, which was attended by numerous engineers and architects from various areas within the Sylhet division.

Md Musharraf Hussain, adviser of technical support at the integrated steel manufacturing company, Md Saiful Islam, head of research and development, and Partha Karmoker, manager of technical support, along with officials from the sales and marketing departments were also present.

Oil price falls

REUTERS, New York

Oil prices fell by nearly \$1 a barrel on Friday as comments from US central bank officials indicated higher-for-longer interest rates, which could hinder demand from the world's largest crude consumers.

Brent crude futures settled at \$82.79 a barrel, down \$1.09, or 1.3 percent. US West Texas Intermediate crude settled at \$78.26 a barrel, down \$1.00, or 1.3 percent.

No headway

FROM PAGE B1

non-bank financial institutions, hinted at the formation of an asset management company. It, however, did not share any details.

The principal task of an asset management company is to buy and sell default loans and create a competitive market to trade distressed assets.

Syed Mahbubur Rahman, a former chairman of the Association of Bankers Bangladesh, said asset management companies must be accountable and follow good governance practices, be it formed by the government or the private sector.

"Buying the bad assets should not be its sole responsibility – its purpose must be right."

Citing India's example, the managing director of Mutual Trust Bank said privately run asset management companies are doing better than those in the public sector in the neighbouring nation.

Private sector's

FROM PAGE B1

sector's monthly average of loans taken from abroad was \$3,104 million in 2022, which declined to \$2,149 million in 2023. The monthly average was \$1,800 million in 2024.

On the other hand, the monthly average repayment stood at \$3,061 million in 2022, which reduced to \$2,594 million in 2023, the central bank data showed.

State banks struggle

FROM PAGE B1

AB Mirza Azizul Islam, a former finance adviser to a caretaker government, said foreign banks have stellar reputations, so they get huge deposits. As a result, the banks have no problem in terms of cash flow.

Thanks to their reputation, good borrowers take loans from these banks even if their interest rate is a bit higher than at other banks.

"The main reason for the poor performance of state-run banks is a lack of good governance," he added.

Another factor is the gulf in terms of loan quality.

When providing term loans or working capital, foreign banks select projects based on their merits. However, the decisions of state-run banks are influenced either by politically influential people or board members.

Furthermore, the performance-based nature of jobs at foreign banks means officials never lend to dubious projects and are meticulous in analysing the potential of businesses.

The lack of accountability, however, makes it a different story for state-run banks. This is because once an official gets a job at a government-

controlled financial institution, they work until their retirement with proper benefits regardless of their performance. Hence, many of them try to make money by lending to projects that are not up to the mark.

As a result, the classified loan ratio rises in state-run banks almost every year compared to foreign banks. This has a direct impact on their profitability.

The classified loan ratio at Sonali Bank and Janata Bank stood at 13 percent and 25 percent, respectively, in 2023 while it was 21 percent for Rupali Bank and 28 percent for Agrani Bank.

On the contrary, the classified loan ratio was 3 percent at both Standard Chartered Bangladesh and HSBC Bangladesh in the same year.

Another example of the difference in efficiency is that foreign banks have no investment in the stock market despite having huge assets. Due to the poor performance of the stock market and its vulnerability to manipulation, foreign lenders shun stocks, keeping their balance sheet healthy.

Conversely, state-run banks invested around 2 percent of their

assets in the stock market and had to keep a large sum of provisions against the investments as the value of the stocks eroded significantly. What's worse, their stock selection is not up to the mark.

An analysis of the financial reports of the banks shows that the state-run banks lag in bringing changes to their business practices in order to make the most of any new opportunities.

For example, the yield rate of treasury bonds and bills rose sharply last year. Accordingly, foreign banks shifted their focus by reducing the volume of loans and increasing investments in treasury bonds. The state lenders stuck to the trend of providing loans.

Foreign banks earned a hefty income from treasury instruments whereas their state-run counterparts completely missed out on the opportunity.

At other times, state-run banks had to follow government policies, which also impacted their profitability. For instance, they had to lend to some sectors at a low interest rate. Many loans turned sour, thus inflicting losses on the banks.

Saif Powertec not publishing

FROM PAGE B1

When contacted by The Daily Star recently, Muhammad Hasan Reza, Saif Powertec's chief financial officer, said there was a fire in the company's accounts section which had damaged almost all documents.

"We are trying to recover it and have already informed the regulatory body. We are hopeful that we will be able to publish all the financial reports within one month," he said.

In a disclosure in November last year, the company informed of the fire damage at its head office. It said the extent of damage in terms of value and volume would be available

after a comprehensive inquiry.

But no further information was shared afterwards.

According to listing regulations, the annual financial statements of listed companies, excluding mutual funds, have to be audited in 120 days following the end of the fiscal year.

The report must be published within 14 days of the audit.

For quarterly financial statements, listed companies, except life insurers, are required to prepare, submit and make those public within 45 days of the end of a quarter.

In the event of a delay, the issuer of listed securities shall pay a penalty of

Tk 5,000 per day to the exchange, the regulations said.

The Bangladesh Securities and Exchange Commission (BSEC) is well-informed about the company's failure to comply with the rules. So, it is going to take action, BSEC Spokesperson Mohammad Rezaul Karim told this newspaper.

The related department has already traced the issue and sent it to the enforcement department, he said.

A show-cause notice has been sent to the company. If the company cannot provide a valid reason for this, the regulator will take action against its directors, he added.

700 containers miss shipment for drivers' work abstention

DWAIPAYAN BARUA, Ctg

Around 700 twenty-foot equivalent units (TEUs) of export containers missed scheduled shipment through Chattogram port on Thursday and Friday because of a three-day work abstention by the prime mover drivers and helpers in one of the 19 inland container depots (ICDs).

On Wednesday, the drivers of the prime movers stopped operations demanding appointment letters in recognition of their permanent employment, a raise in trip allowances and annual increments.

The ICD named Vertex Off Dock Logistics Services Ltd located in Patenga area has 40 prime movers. Of them, 25 belong to the ICD and the rest are supplied by two contractors.

A number of export containers missed scheduled shipment in the mornings of Thursday and Friday as those could not be sent to the port before the departure of the ships, said Kazi Murad Hossain, executive director of Vertex Off Dock Logistics Services.

However, operations at the ICD resumed yesterday at 3am after the management of the ICD and the workers' union leaders reached a consensus through a meeting.

More export containers may continue to miss shipment since the three-day stalemate created a backlog, Moazzem Hossain, senior operation manager of the ICD, told The Daily Star.

The stuffing of export cargoes was also hampered as a number of empty containers could not be brought from the port during the stalemate, he said.

He said many forwarders are trying to airship the export cargoes that missed the shipment through the port, which would increase the expense.

Southeast Bank's profit falls 36% in Q1

STAR BUSINESS REPORT

Southeast Bank made a profit of Tk 92.15 crore in the first quarter of 2024, a decrease of 36 percent year-on-year.

The private commercial lender reported a profit of Tk 147 crore in the identical period last year.

Therefore, the bank's earnings per share (EPS) nosedived to Tk 0.72 in 2024 from Tk 1.14 in 2023, according to its unaudited financial statements.

"The EPS decreased due to an increase of provisions against loans and the diminution in value of investments," said Southeast Bank.

The bank also suffered a massive decline in its net operating cash flow per share (NOCFPS), shedding 66 percent to Tk 5.66 from Tk 16.97. It attributed an increase in the disbursement of loans, and the fall in borrowing from other banks to the decrease.

The net asset value per share slid marginally to Tk 25.56 from Tk 26.05.

Established in 1995, Southeast Bank currently runs its operations through 135 branches, two offshore banking units, 22 sub-branches, and more than 175 ATM booths.

Poverty reduction rates arithmetically correct. Do they reflect reality?

Asks poverty and inequality expert Prof Joe Devine



Observations



Fears of rising inequality are well founded in Bangladesh



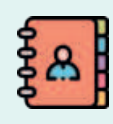
More work is needed to understand inequality



Rising inequality, persisting poverty will result in uncertainty and perhaps unrest



Growth alone will not help face the challenges of inequality and poverty



Addressing inequality and poverty alongside growth is important



Investments should be increased in health and education

AM JAHID

Bangladesh is doing better than many countries in reducing poverty. However, questions remain whether the data about poverty alleviation match reality, according to Prof Joe Devine, an expert on poverty, inequality, and vulnerability.

Officially, 5.6 percent of the population in Bangladesh are classified as extreme poor. This means, the country is technically close to being a nation with zero extreme poverty, he said.

"I am sure the calculations on extreme poverty are arithmetically correct, but I doubt they reflect reality."

He made the comments during an interview on the sidelines of an international conference at the Pan Pacific Sonargaon Dhaka recently.

Devine, also an associate pro-vice-chancellor at the University of Bath in the UK, said: "If it is really true that extreme poverty levels are that low, perhaps the way we talk about and categorise poverty is not very helpful."

"I understand that policymakers might want simple and accurate calculations but as a researcher, I see poverty as a far more complex experience and I wonder if our calculations capture the complexity."

The researcher said the latest data from the Household Income and Expenditure Survey (HIES) showed that fears of growing inequality are well-founded.

He drew attention to the fact that research into inequality in Bangladesh is very much in its infancy, and more work is needed to understand what

shape inequality will take.

"We've got some figures from the HIES. Apart from that, we don't know much about inequality."

"In order to properly do that kind of analysis, we need to get a better sense of the dynamics of class formation and reproduction and the relations between different groups on the inequality spectrum."

People in Bangladesh talk about the middle class. And, according to Prof Devine, the middle class is a broad category, and it can cover people who are rich right down to the people who might be doing well but are not rich.



Joe Devine

"Thus, this is one category that really needs to be better understood."

He said one can easily observe aspects of inequality in Bangladesh: some people live comfortably and their options in life are going to be much better.

"You can also see some people who might even be professionals but are struggling with the cost of living. Are these all parts of the middle class? Do they share the same experiences? I doubt it. And we know even less about the impact of inequality on poor people."

He said when inequality is

discussed, it usually refers to one person's relative position to another. "So, we need to start by understanding more how different people experience inequality."

Inequality is not unique to Bangladesh. Rather, it is a common phenomenon in many countries.

Prof Devine said discussions about inequality are tough political economy questions because they ultimately point to society's willingness to support redistribution measures.

He elaborates unequal societies tend not to develop very well.

"If inequality rises in Bangladesh and poverty persists, this will result in unsustainable conditions that will only bring uncertainty and perhaps unrest. There are moral and pragmatic reasons why Bangladesh should consider carefully the challenges posed by a rise in inequality."

Prof Devine co-authored the book "Aiding Resilience Among The Extreme Poor In Bangladesh". During the interview, he talked about the enduring nature of inequality, citing education and health as examples.

"We can see in Bangladesh a plethora of health and education services that cater to the rich, the middle class and the poor. Inevitably, those servicing the poor will not be providing the same quality of care and attention. This has intergenerational impacts."

"So, if I can't go to school or I have poor health, it is more likely that my children will not go to school or suffer from poor health. Inequality, like poverty, is reproduced over time and as it does, it becomes tougher, more intractable."

READ MORE ON B2

Where is the economy heading?

MAMUN RASHID

This is exactly the question I came across from the investment community in the US, India, and Singapore in the last one month or so. They asked where the exchange rate may settle down and the local currency borrowing rate may go. If they invest in Bangladesh, will they be able to take back their return on investments timely and easily?

Bangladesh's economy continues to face headwinds owing to high inflation and low forex reserves. Imports, ranging from capital machinery to raw materials and industrial goods, have experienced a decline for the second consecutive year, largely attributable to the ongoing dollar crisis.

Both GDP growth and job creation show signs of decline and private investment remains stagnant and inequality and poverty are on the rise.

The recent turmoil can also be blamed on the internal fault lines that have long remained unaddressed. There are several fault lines including the mess in the banking sector, the diversion of remittances to informal channels, export proceeds not being repatriated on time, issues with governance and institutional capacity, low revenue collection, rising public debt, and regulators' stubborn stance on exchange and interest rates for long.

The economy's capacity to absorb shocks has weakened significantly in recent times. Persistent high inflation for around two years has reduced the purchasing power of the poor and their living standards.

The World Bank's Poverty Outlook for Bangladesh showed nearly half a million Bangladeshis will fall into extreme poverty between FY2022-23 and FY2023-24. This section of the population is expected to survive on less than \$2.15 a day.



According to the World Food Programme, almost 40 million people were identified as food insecure. The trend has been observed to steadily increase from May 2023.

The tightening of imports has had repercussions on production with its spillover effects being felt in investment and employment generation.

Bangladesh Bank data shows a continuous decline in overall imports for two consecutive years. Imports decreased nearly 16 percent in FY23. In July-February of the current fiscal year, it saw a further decrease of 15.36 percent, year-on-year.

A more alarming concern is the decline in the opening of letters of credit for imports of capital machinery, which dropped 19 percent in July-February. Imports of industrial raw materials and intermediate goods experienced declines of 4.09 percent and 17 percent, respectively.

The stagnation of private investment, which has been the primary driver of Bangladesh's impressive economic growth for over a decade, barring the pandemic year, remains a significant concern.

Without a substantial increase in both local and foreign private investments, Bangladesh will struggle to sustain economic growth and generate much-needed jobs for the approximately 2.5 million youths entering the workforce each year.

Also, we have not succeeded in building a dynamic private sector. Instead of being utilised for productive purposes, bank loans are being laundered and allegedly siphoned off the country.

Foreign direct investment remains significantly lower at 0.7 percent of GDP, largely due to an unfriendly business environment. On the other hand, persistently high inflation is eroding people's purchasing power and savings capacity.

Fresh investments are insignificant. Those who are already present are reinvesting. The primary issue with FDI is that investors encounter challenges when repatriating profits. Also, a complicated tax regime adds to the obstacles.

In the face of these challenges, we emphasise the need for policy interventions to invigorate private sector investment, foster savings, and increase investor confidence through better market management, in order to propel economic growth and create jobs. Without such measures, Bangladesh will find it harder to attain the status of a middle- and higher-income nation.

The author is an economic analyst

OpenAI plans to announce Google search competitor on Monday

REUTERS

OpenAI plans to announce its artificial intelligence-powered search product on Monday, according to two sources familiar with the matter, raising the stakes in its competition with search king Google.

The announcement date, though subject to change, has not been previously reported. Bloomberg and the Information have reported that Microsoft OpenAI is working on a search product to potentially compete with Alphabet's Google and with Perplexity, a well-funded AI search startup.

OpenAI declined to comment before Reuters published its report on Thursday.

After publication, OpenAI on Friday posted on X that the company would stream a live event on Monday, to "demo some ChatGPT and GPT-4 updates."

CEO Sam Altman later posted on X, "not gpt 5, not a search engine, but we've been hard at work on some new stuff we think people will love! feels like magic to me."

Alphabet's stock partly recovered from an over 2 percent loss following Altman's post, and was last down 0.9 percent.

OpenAI's announcements could be timed a day before the Tuesday start of Google's annual I/O conference, where the tech giant is expected to unveil a slew of AI-related products.

China's consumer prices rise for third month, signalling demand recovery

REUTERS, Beijing

China's consumer prices rose for a third straight month in April, while producer prices extended declines, signalling an improvement in domestic demand, as Beijing navigates challenges in its bid to shore up a shaky economy.

The closely watched numbers follow better-than-expected imports data for April, suggesting a flurry of policy support measures over the past several months may be helping consumer confidence.

Consumer prices edged up 0.3 percent in April from a year earlier, data from the National Bureau of Statistics showed on Saturday, versus a rise of 0.1 percent in March and a Reuters poll forecast for an increase of 0.2 percent.

"Strip out food and energy prices, and the consumer inflation data suggests a comeback in demand, especially in services," said Xu Tianchen, senior economist at the Economist Intelligence Unit.

Core inflation, excluding volatile food and fuel prices, grew 0.7 percent in April, up from 0.6 percent in March.

Overall the consumer price index (CPI) rose 0.1 percent from the previous month, beating a forecast fall of 0.1 percent in the

poll and reversing a drop of 1 percent in March.

Most China watchers say Beijing still has its work cut out, though, and the momentum might prove unsustainable, as official surveys show cooling factory

and services activity, while a lengthy housing crisis shows no sign of easing, boosting the case for more policy support.

"Price hikes by utility companies is another potential driver," Xu added.

"The fiscal strains some local



People buy vegetables at a market in Shenyang, in northeastern China's Liaoning province. China's consumer price index rose by 0.3 percent year-on-year in April, staying in positive territory for the third straight month.

PHOTO: AFP/FILE

governments are facing affect the subsidies they receive, which could be forcing them to pass the extra cost on to households to make ends meet."

Officials are grappling with municipal debt of \$13 trillion, and the State Council, or cabinet, has told heavily indebted local governments to delay or halt some state-funded infrastructure projects.

"The prices data suggests that domestic demand is recovering, supply and demand continues to improve and the outlook for domestic demand and price recovery is optimistic," said Zhou Maohua, a macroeconomic researcher at China Everbright Bank.

"However, consumer prices remain low and the industrial manufacturing sector is still under pressure, reflecting insufficient effective demand and that recovery in the sector is still not sufficiently balanced."

The producer price index (PPI) dropped 2.5 percent in April from a year earlier, easing from a slide of 2.8 percent the previous month but extending a 1-1/2-year-long stretch of declines.

On Friday, China's central bank said it would make monetary policy flexible, precise and effective and promote a moderate recovery in consumer prices to consolidate economic recovery.