

# Sonali, BDBL sign MoU to proceed with merger plan

STAR BUSINESS REPORT

State-owned Sonali Bank and Bangladesh Development Bank PLC (BDBL) signed a memorandum of understanding (MoU) at the Bangladesh Bank yesterday to start merging their operations.

The BDBL got board approval to merge with Sonali Bank last month.

Bangladesh Bank Governor Abdur Rouf Talukder, Sonali Bank Chairman Ziaul Hasan Siddiqui, Managing Director and CEO Md Afzal Karim, BDBL Chairman Shamima Nargis and Managing Director Md Habibur Rahman Gazi were present among others.

Most of them spoke to journalists on the central bank premises after the signing.

Siddiqui said they took the time to scrutinise the MoU thoroughly before signing it.

"We have taken the decision by ourselves and without any influence. We have chosen each other independently. We then approached the Bangladesh Bank governor and informed him that we wanted to merge," he told journalists after the signing.

In 2009, Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha merged to form the BDBL.

The new entity is still creaking under the weight of bad loans. The nonperforming loans (NPLs) of the BDBL



PHOTO: SONALI BANK

**Sonali Bank MD and CEO Md Afzal Karim and Bangladesh Development Bank MD and CEO Md Habibur Rahman Gazi exchange signed documents of an MoU.**

stood at Tk 982 crore in December, which accounted for 42.46 percent of the loans it had disbursed.

On the other hand, Sonali had loans of Tk 93,096 crore as of December 2023.

Of the sum, Tk 13,150 crore had turned sour, which was 14.1 percent of the total credit disbursed, BB data showed.

Siddiqui said they considered several issues before signing the MoU.

One of them the considerations was that Sonali Bank as a commercial bank works on short-term lending in the market while BDBL works on long-term

lending. "When we will work together, it will bring huge success for us," Siddiqui said.

Responding to a question on whether the huge amount of the BDBL's NPLs will cause Sonali Bank to suffer, he said they would be able to recover with the combined strength.

"We have a lot of experience in the field. We will be a much better bank after the merger. And there will be more trust from the customers," he said.

BDBL Chairman Nargis said its sole weak point was defaulted loans. She

added that BDBL has no capital shortfall but it was not possible to overcome the challenges regarding the NPL by doing business with only 50 branches.

They have taken the decision to merge with the stronger Sonali Bank so that they can address the challenges, she said.

Sonali Bank managing director Karim said there was no reason for BDBL employees to be concerned about job security.

Sonali Bank has over 18,000 employees while BDBL has only around 650, he said.

As per Sonali Bank's organogram, around 18,500 posts are still vacant in different positions. "So, we will still have a huge shortage of manpower even after the merger with the BDBL," he said.

Decisions have been taken recently in favour of merging five troubled banks with the same number of financially sound lenders through initiatives of the central bank to restore discipline to the banking sector and bring down the total amount of defaulted loans.

In March, Shariah-based Exim Bank agreed to take over crisis-hit Padma Bank.

The decisions to merge BDBL with Sonali Bank and Rajshahi Krishi Unnayan Bank with Bangladesh Krishi Bank came in April.

Afterwards, the news came that BASIC Bank and National Bank would merge with City Bank and United Commercial Bank respectively.

## Govt identifies short and long-term plans for leather sector

STAR BUSINESS REPORT

Industries Minister Nurul Majid Mahmud Humayun yesterday said both short-term and long-term action plans have been determined for the overall development of the leather industry.

"Short-term actions have been fixed for the upcoming Eid-ul-Adha and long-term actions have been identified for the overall development of the industry. All kinds of support will be provided for the implementation of tasks along with policy support from the Bangladesh Small and Cottage Industries Corporation [BSCIC] and industries ministry," he said.

The minister made these remarks during the seventh meeting of the "Task Force on Recommendation for Development of Leather Industry and Formulation of Action Plan" at the conference room of the industries ministry in the capital's Motijheel yesterday.

Salman F Rahman, the prime minister's private industry and investment adviser, Ahsanul Islam Titu, state minister for commerce, and Zakia Sultana, senior secretary of the industries ministry, also participated in the meeting.

"We have to increase preservation facilities so that leather does not get spoiled," Humayun said.

According to him, steps are also being taken to ensure that leather traders and wholesalers do not face capital shortages and get loans on easy terms.

In this regard, banks, the Financial Institutions Division under the finance ministry, and Bangladesh Bank were directed to take necessary initiatives to ensure loans on easy terms.

The industries minister added that some people donate hides to religious institutions, including orphanages, during Eid-ul-Adha due to religious sentiments.

## UK economy exits recession

AFP, London

Britain has emerged from a short-lived recession with better-than-expected growth in the first quarter, official data showed Friday, boosting embattled Prime Minister Rishi Sunak before this year's general election.

Gross domestic product expanded 0.6 percent in the first three months of this year, the Office for National Statistics (ONS) said, with strong growth in services and car manufacturing.

That beat market expectations of 0.4-percent growth and sent London's stock market to a fresh record peak, with sentiment buoyed also by the Bank of England (BoE) on Thursday signalling an interest-rate cut in the summer.

Sunak -- whose governing Conservatives are trailing the main opposition Labour Party in polls

before a general election -- has made growth one of his top priorities.

The economy contracted slightly for two quarters in a row in the second half of 2023, meeting the technical definition of a recession that was caused by elevated inflation that has prolonged a cost-of-living crisis.

"There is no doubt it has been a difficult few years, but today's growth figures are proof that the economy is returning to full health for the first time since the pandemic," said finance minister Jeremy Hunt.

Labour finance spokesperson Rachel Reeves slammed the government's stewardship of the economy.

"From no growth to low growth -- is that really the scale of the Conservatives' ambitions? Food prices are still high, families are paying more on their monthly mortgage bills and working people are worse off," she said.

Richard Carter, head of fixed interest research at wealth manager Quilter Cheviot, said the UK was "clearly entering a more optimistic period".

"The government will be hoping to take advantage of this in the lead up to the general election," he added.

Susannah Streeter, head of money and markets at Hargreaves Lansdown, said that the UK economy "has jogged out of recession" after output shrank 0.3 percent in the final quarter of last year and by 0.1 percent in the prior three months.

She added: "It's clear a corner has been turned, as intense cost-of-living pressures subside, and consumers and companies eye lower borrowing costs on the horizon."

The Bank of England on Thursday left borrowing costs at 5.25 percent, the highest level since the 2008 global financial crisis, hurting borrowers but boosting savers.

## Deal for second satellite

FROM PAGE B1

Bangladesh has already signed a memorandum of understanding with France for the second satellite and its launch will help face the challenges of the fourth industrial revolution, Foreign Minister Hasan Mahmud said at the event.

Zunaid Ahmed Palak, state minister for ICT, and Abu Hena Morshed Zaman, secretary to the post, telecommunications and ICT ministry, also spoke.

## Use alternative dispute

FROM PAGE B1

crore, accounting 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 credit.

Defaulted loans of private banks amounted to Tk 70,981 crore, which was 5.93 percent of their outstanding loans.

The distressed assets in the entire banking sector were to the tune of Tk 375,000 crore last year.

These include defaulted loans, rescheduled loans, written-off loans, and the credits that were regularised following court orders.

## NBR may take host of measures

FROM PAGE B1

Mahmood Ali and State Minister of Finance Waseqa Ayesha Khan at the NBR headquarters yesterday.

"We are considering how to strike a fine balance between ensuring revenue collection without affecting businesses or the economy, which is passing through a turbulent period," the official added.

Insiders said the most important IT sectors are likely to get an extension of tax benefits. The IT

sector has been enjoying tax breaks for the last 22 years.

Besides, in the coming fiscal year, the NBR may announce tax rates for fiscal 2025-26, shifting away from the present practice of announcing tax rates of the outgoing year at the end of the fiscal year.

Also, the revenue authority is considering curtailing the power of tax officials to assess tax returns filed by taxpayers.

They will still be able to audit tax files, the official said.

Apart from that, the revenue authority plans to remove value-added tax (VAT) exemptions on several goods and services to trim the number of items in the exemption list, according to officials.

The tax collector may also cut the list of items on which reduced VAT rates are applied and impose a standard 15 percent VAT to bolster collection.

## Banks go slow in raising interest rates

FROM PAGE B1

"We will revise the interest rate after assessing the market."

The private commercial lender plans not to increase the interest rate on industrial, agriculture and SME loans for now, said Rahman.

Some banks are likely to raise the interest rate now, but Rahman expects the cost of funds to come down to the expected level in the upcoming months.

"The central bank will actively monitor the market even though banks are allowed to fix interest rates. As a result, banks will not be able to set the rates at will."

Jamuna Bank Managing Director Mirza Elias Uddin Ahmed said the

maximum lending rate at the private commercial lender is close to 14 percent and the rates will not go up rapidly.

"The lending rate will be fixed on the basis of demand and supply," he said, welcoming the central bank's move.

The CEO said now banks would be able to impose higher interest rates on bad borrowers and lower interest rates on good clients.

"This will encourage good borrowers to repay loans."

Last week, the central bank took three major decisions in line with the International Monetary Fund (IMF) prescription as it announced the market-driven interest rate and a

flexible exchange rate and raised the policy rate to tame higher consumer prices.

Experts criticised the banking regulator, saying the decisions should have been initiated earlier since inflation has stayed above 9 percent for the past 20 months.

They said that the interest rate cap and the subsequent SMART formula made the banking sector volatile.

As per the new exchange rate-setting system known as the crawling peg, banks are permitted to determine the price of the US dollar by considering Tk 117 as the mid-rate.

Yesterday, most banks charged Tk 117.50 per dollar officially while opening LCs.

## Uncertain bets: bad stocks rule the roost

FROM PAGE B1

Saiful Islam, president of the DSE Brokers' Association, blamed the lack of governance in the market for the spike of low-performing stocks and the dip in the value of good shares, including multinationals.

He said when underperforming companies climb abnormally, the regulators should step in and try to identify and punish the persons and companies responsible for the unusual

movement.

"Not only the Bangladesh Securities and Exchange Commission but also the stock exchanges should monitor the market by ramping up their surveillance capacity."

Islam argued that companies on a growth trajectory can see an upward price movement even when their earnings are low, but these firms are not in any growth phase.

Another reason is the asset management industry has

not thrived in Bangladesh. These companies usually buy sound stocks and make investments for a longer period.

Retained earnings, or reserves, of low-performing companies are low while good companies are sitting on huge reserves, according to Islam of the Brokers' Association.

"When investors see an abnormal price swing, they desert the market. This is exactly what is happening in Bangladesh."

He said young professionals are increasingly losing their interest in the market and will not want to build their careers if the current situation persists.

"When blue-chip stocks bleed, it also disheartens the efforts of bringing good companies to the stock market."

Speaking to The Daily Star, BSEC Spokesperson Mohammad Rezaul Karim said the market price is determined by demand

and supply. "Still, if anyone breaches rules, we will take action."

He admits that the trading of some companies appears to be suspicious, and they are being monitored.

Karim said the stocks with good fundamentals and foreign shareholdings had been stuck at the same price level for a long time due to the floor price. "Some of them are currently witnessing sales pressures."

## Over 70% public projects not completed on time

FROM PAGE B1

Regarding corruption in Bangladesh, Islam said that if it can be decreased by even 1 percent, the government would be able to finance the construction of "2,200 kilometres of roads each year".

SM Khorshed Alam, an advisor to the Bangladesh Association of Construction Industry, urged the government to abolish the clause of awarding tenders to the lowest bidder.

He said the capacity of the prospective awardee should be considered instead of the amount they bid.

Rabiul Alam, former president of the Manufacturer's Association for Transformer and Switchgear, urged the government to remove disparities between local and foreign companies when it comes to the benefits awarded to them, such as tax facilities.

MS Siddiqui, vice

president of the IBFB, urged the government to impose uniform tax at all levels, including public imports.

He stressed on the need for competitiveness among bidders to make the procurement process sustainable in the long run.

Mohammed Shoheler Rahman Chowdhury, chief executive officer of the Bangladesh Public Procurement Authority (BPPA), said they want

to bring the entire procurement system under the e-GP system.

He said the BPPA has been identifying challenges of procurement and amending them continually.

Rahman also said they will bring down the existing three-step complaint addressing system to one step to make the process simpler.

Md Shahiduzzaman Sarker, the state minister for planning, said

the government has introduced the electronic government procurement (e-GP) system to ensure transparency at the very first level of procurement.

"The e-GP has turned the procurement process around," he said, adding that there is much more to be done in terms of transparency and accountability.

Humayun Rashid, president of the IBFB, delivered the welcome speech at the seminar.

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**1<sup>st</sup> Amendment/Corrigendum e-Tender Notice**

Corrigendum No: JBPLC/Proc-288/ATM/Re-Tender/2024/Corrigendum-01; Date: 12-05-2024

e-Tender is invited in the National e-GP System Portal (<https://www.eprocure.gov.bd>) for the procurement of following goods:

Tender ID	Invitation Reference No.	Tender Description	Previous Tender Closing/Opening Date & Time	Revised Tender Closing/Opening Date & Time
975523	JBPLC/ICTD-S/Proc-288/OTM/08 Pieces ATM/2024	Re-Tender for Procurement of 08(Eight) Pieces ATM (Supply, Installation & Commissioning) for Janata Bank PLC. following Open Tendering Method.	14/05/2024 03.00 PM	21/05/2024 03.00 PM

This is an online Tender, where only e-Tenders will be accepted in the national e-GP portal and no offline/hard copies will be accepted.  
To submit e-Tender, registration in the national e-GP System portal (<https://www.eprocure.gov.bd>) is required.  
Further information and guidelines are available in the national e-GP portal and e-GP Help Desk (Email: [helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).  
This Notice of corrigendum will be treated as part & parcel of the tender documents.

(Mohammad Shakhawat Hossain)  
Deputy General Manager

GD- 771

Government of the People's Republic of Bangladesh  
Office of the Deputy Director  
Govt. Poultry Breeding & Development Farm, Sylhet  
Department of Livestock Services (DLS)  
Ministry of Fisheries and Livestock  
<http://poultryfarm.sylhet.gov.bd>

**e-Tender Notice**

This is an online tender where only e-tender will be accepted in the national e-GP portal and no hard copy will be accepted. Further information and guidelines are available in the national e-GP portal from e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

SL no	Tender ID and Ref. no.	Name of Tender	Last Selling Date and Time	Closing Date and Time
1	983916 33.01.0000.311.07.001.24-105	GR-1 Procurement of Whole Maize, Rice Polish, General Salt, Limestone and Whole Maize Crushing under Government Poultry Breeding and Development Farm, Sylhet.	12-May-2024 12:35	26-May-2024 13:30
2	984126 33.01.0000.311.07.001.24-106	GR-2 Procurement of Soybean Meal, Protein Concentrate, Vitamin Mineral Premix, Multivitamin (WS) and Rice Husk under Government Poultry Breeding and Development Farm, Sylhet.	12-May-2024 12:40	26-May-2024 13:30

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GD- 770