

Star BUSINESS

State banks nowhere near target to retrieve funds from top defaulters

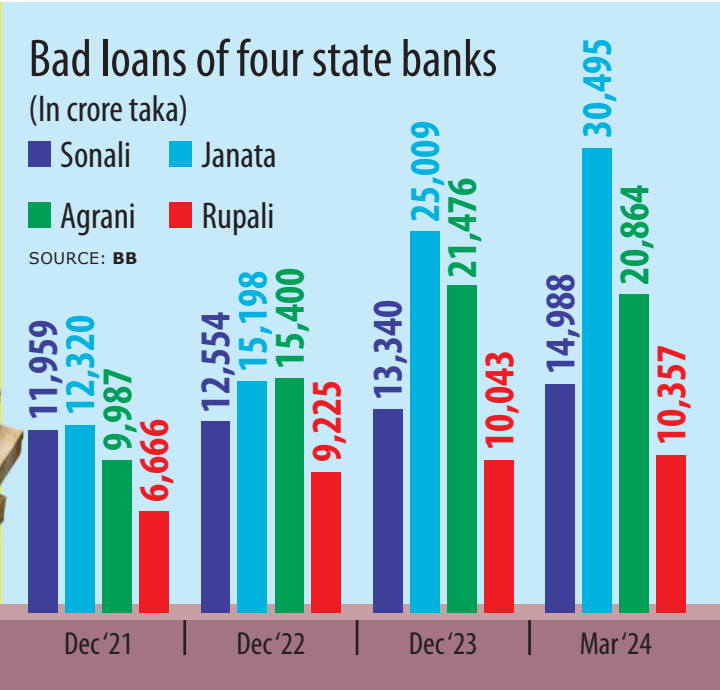
AT A GLANCE

Four state-run banks' total capital shortfall stood at Tk **40,171 cr** in December last year

They failed to bring down bad loans within the target of **10%** last year

The banks saw lacklustre loan recovery from top defaulters

A large portion of their loans is concentrated in five branches



MD MEHEDI HASAN

Four state-run banks in Bangladesh are finding it difficult to recoup loans from their top 20 defaulters, a failure that has worsened their financial health and squeezed their capacity further to lend.

Sonali, Janata, Agrani and Rupali repeatedly hit the loan recovery target set by the central bank as per its memorandum of understanding (MoU) with the four largest banks of the country by branches.

It came although the government is under pressure to reduce the bad loans of state-run banks to 10 percent by 2026 as per prescriptions of the International Monetary Fund as part of its \$4.7 billion loan programme.

Bad loans held by the six state-owned banks, which also include Bangladesh Development Bank Ltd and BASIC Bank, totalled Tk 65,781 crore in December, making up 20.99 percent of their outstanding credits.

Last year, Sonali Bank was asked to recoup Tk 300 crore from the top defaulters, data from the Bangladesh Bank showed. The lender managed to recover only 12 percent of the amount fixed. It was, however, an improvement from the 4 percent posted in 2022.

The bank's bad loans amounted to Tk 13,340 crore in December. Of the sum, more than Tk 4,000 crore was held by the top 20 defaulters.

T & Brothers, Hallmark Group, Modern Steel Mills, Fairtrade International, Ratanpur Steel Re-Rolling Mills, and Sonali Jute Mills are the largest delinquent borrowers.

Among them, Hallmark's loan hit hard the largest lender of Bangladesh by branches.

The bank's Ruposhi Bangla Hotel branch lent Hallmark Group and five other companies Tk 3,547 crore between 2010 and 2012 on forged documents. The businesses embezzled the entire amount in collusion with some bank officials.

Officials said that despite repeated attempts, the bank has not been able to make significant gains in reclaiming funds from the major defaulters.

Speaking to The Daily Star, Md Afzal Karim, managing director of Sonali Bank, said legal proceedings are underway to recover funds from Hallmark.

"We have come a long way under the

process," he said, adding that several properties of Hallmark Group will come under the bank's control this year.

Janata Bank was given a target to raise Tk 870 crore from the top defaulters last year. It was able to recover only 5 percent of the target, down from 11 percent in 2022.

In December, AnonTex Group, S Alam Group, Crescent Group, Ranka Group, Ratanpur Group, Rimex Footwear, Chowdhury Group, Thermax Group, and Sikder Group were on the list of top 20 defaulters of Janata Bank.

However, Thermax and Sikder Group's bad loans were shown as unclassified in the classified loan statement since a writ has been filed with the High Court.

AnonTex has the highest amount of bad loans at Tk 7,708 crore with Janata Bank. The garment manufacturer is largely responsible for the ailing situation of the lender.

In 2022, Janata Bank decided to waive an interest of Tk 3,359 crore of AnonTex on the condition of a one-off loan repayment. The waiver was cancelled later.

Officials of Janata Bank said AnonTex is going to get an opportunity to repay the loans by selling collateralised properties.

At Tk 25,009 crore, Janata Bank had the highest volume of default loans



3.64 lakh insurance policies discontinued in January-March

SUKANTA HALDER

Some 3.64 lakh policies of 36 life insurance companies of Bangladesh lapsed in the first quarter of 2024 due to a myriad of factors, including the worsening financial health of clients and agents' tendency not to disclose key information while making sales.

In January-March, Sonali Life Insurance Company saw 67,555 of its policies lapse, the highest, while Delta Life Insurance came second on the list with 57,981, figures from the Insurance Development and Regulatory Authority (IDRA) showed.

A policy lapse occurs when policyholders fail to pay their premiums on time, leading to the cancellation of insurance coverage.

National Life Insurance ranked third, witnessing 31,667 policy lapses, IDRA data showed.

The Daily Star tried to contact SM Ferdous, administrator of Sonali Life, but he did not respond.

Ferdous was appointed administrator after an audit found that former chairman Mostafa Golam Quddus and six of his family members, who served as directors of the company, had embezzled at least Tk 187.84 crore from the insurer.

Anwarul Haque, chief executive officer of Delta Life Insurance, said it had 13.43 lakh policies in the first quarter of this year, of which about 58,000 policies were discontinued.

"The higher the number of policies of the company, the higher the number of discontinuations. This is normal," he claimed.

He added that there is a section of customers who do not pay premiums unless pushed. Agents are responsible for pushing them. If customers still fail to pay, the policy lapses.

He also explained that the commission agents receive at the end of the first year of a policy is less than what they get in the second year. As a consequence, they are more interested in selling new policies rather than renewing existing ones.

READ MORE ON B2

DSE turnover crosses Tk 1,000cr after two months

Prime index gains for sixth consecutive day

STAR BUSINESS REPORT

Turnover at the Dhaka Stock Exchange (DSE) crossed the Tk 1,000-crore mark yesterday after two months as the shares extended a rally for the sixth consecutive day riding on gains of blue-chip stocks.

Blue-chip stocks such as Kohinoor Chemicals, BBS Cables, Best Holdings, Taufika Foods and Lovello Ice-cream, GPH Ispat, Fortune Shoes, along with Square Pharmaceuticals, Robi Axiata, Al-Arafah Islami Bank and City Bank fared well.

On the other hand, BAT Bangladesh, Gramcenphone, Beacon Pharmaceuticals, Unilever Consumer Care, Pubali Bank, National Bank, Eastern Bank, and Shahjalal Islami Bank among large-cap companies displayed poor performance.

Turnover, which indicates the volume of the shares traded during the session, surged 14.69 percent to Tk 1,019 crore yesterday compared to the previous day.

The broad index of the country's prime bourse, the DSEX, rose 30.01 points, or 0.54 percent, to close the day at 5,594.64.

Similarly, the DSEI, the index that represents the shariah-compliant companies, edged up 8.18 points, or 0.67 percent, to 1,223.32 while the DS30, the index that composed of the best blue-chip firms, went up 4.63 points, or 0.24 percent, to 1,964.53.

Out of the 393 issues that changed hands on the DSE, 237 closed higher, 111 declined and 45 did not see any price movement.

Large-cap sectors posted mixed performance with fuel and power booking the highest gain of 0.77 percent, according to the daily market update by BRAC EPB Stock Brokerage.

UPS AND DOWNS OF DSEX IN POINTS

SOURCE: DSE

STATUS OF STOCKS

Index movers

	Rise in points
Square Pharma	2.91
Best Holdings	2.37
Kohinoor Chemicals	2.12
BBS Cables	1.78
Robi Axiata	1.45

Engineering sector logged a gain of 0.74 percent followed by pharmaceuticals with 0.31 percent.

Bank posted a loss of 0.14 percent, followed by telecom, non-bank financial institutions, and food & allied 0.41 percent, 0.44 percent and 0.75 percent respectively.

Block trades contributed 5.3 percent of the daily overall market's turnover.

Sea Pearl Beach Resort & Spa was the most traded share with a turnover of Tk 53.6 crore.

In its daily market update, UCB Stock Brokerage said the market closed on a positive note with an increase in turnover.

Sector-wise, ceramics, services and real estate and information technology were the top three sectors to close in the positive territory while food and allied, life insurance and NBFI sectors closed in the red.

The pharmaceuticals sector dominated the turnover chart covering 14.37 percent of the day's turnover.

Salvo Chemical Industry topped the gainers' chart with a rise of 10 percent.

Kattali Textile, Beach Hatchery, HR Textile and Deshbandhu Polymer all made gains of more than 9 percent.

The Peninsula Chittagong, BBS

READ MORE ON B2

The government has formulated the draft National AI policy to make the best use of AI to spur economic growth.

Story on B4



GDP growth tops 6% in third quarter

MD ASADUZ ZAMAN

Bangladesh's economy bounced back by posting significantly higher growth in the third quarter of fiscal year 2023-24 compared to the same quarter in the previous year, underlining good progress in the production of industrial goods and agricultural commodities.

The country registered 6.12 percent growth in the gross domestic product (GDP) in the January-March period in FY24, a considerable increase from 2.3 percent in the same period of FY23, according to provisional data released by the Bangladesh Bureau of Statistics (BBS).

In the October-December quarter of FY24, GDP growth stood at 3.78 percent.

The BBS also projected that Bangladesh's economy would grow by 5.82 percent in FY24.

"This spike in growth in the third quarter was expected," said Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh.

This is a reflection of the political stability after the general elections in January this year, he said.

In the second quarter of FY24, the political situation was in a vulnerable spot. So, businesses shied away from investment while public investment was also stagnant.

But in the third quarter, public and private investments found renewed impetus.

Echoing those sentiments, Binayak Sen, director general of the Bangladesh Institute of Development Studies, outlined three additional factors that had contributed to growth – better Boro production and higher remittance and export earnings.

"The Boro paddy output was better than the Aman season and it has met the shortage of Aman production," said Sen.

Additionally, a handsome amount of remittance was received ahead of Ramadan and Eid-ul-Fitr, he added.

"Compared to the previous quarter, the trend was better in the third quarter, which

might have helped boost growth. But we cannot definitively say that it jumped to 6.12 percent from 3.78 percent," he said.

The BBS can give the right explanation, he said.

The industrial sector, which accounts for around 33 percent of the GDP, grew by about 7.03 percent in the January-March quarter of FY24 compared to 4.98 percent in the same period a year prior.

Besides, the services sector, which encompasses trade, transport, hotel, IT, and financial activities, drove the overall growth of the GDP.



"The GDP growth figures have been suspect for quite some time," Debapriya Bhattacharya said.

The growth in the services sector, which accounts for 53 percent of GDP, increased from 1.47 percent to 4.97 percent in the same period.

Similarly, growth in the agriculture sector increased from 1.88 percent to 5.46 percent.

However, noted economist Debapriya Bhattacharya said that data discrepancies may have also contributed to 'suspect' figures in the BBS' quarterly GDP growth data.

A stark discrepancy in data was highlighted recently when the Bangladesh

READ MORE ON B3

BB issues external auditor rules for banks

STAR BUSINESS REPORT

The Bangladesh Bank has issued the "Bank Company External Auditor Rules 2024" to determine the terms and conditions for the selection of external auditors and outline the areas of financial audits of scheduled banks for the first time.

As per the rules, the external auditor will audit at least 80 percent of the total risk-based assets of a concerned bank, prioritising the highest risk-based branches along with the headquarters of the scheduled banks.

Risk-based assets are a risk management measure, indicating to banks the number of assets they need to hold in relation to their risk.

The central bank issued a circular yesterday to this end.

As per the circular, the new rules will be effective from the audit year 2025-26 for banks whose financial year starts in July.

The rules were formulated in light of Section 120 of the Bank Company Act, 1991, the central bank said.

The primary purpose of the rules is to determine the terms and conditions for the selection of professional and efficient external auditors for financial audits in banks.

The rules will also define the scope of external audits, ensure proper reflection of the bank's financial condition in financial reports, and ensure the quality of external audit services.

The rules will be applicable to all scheduled banks.

READ MORE ON B3

PRIME MINISTER'S CHINA VISIT

Nagad strikes deal with Huawei

STAR BUSINESS DESK

Nagad signed an agreement with Huawei Technologies yesterday to work together in order to transform people's smart transaction experiences.

Tanvir A Mishuk, founder and CEO of the mobile finance service (MFS) provider, and Pan Junfeng, president of Huawei South Asia region and CEO of Huawei Bangladesh, penned the deal at the Shangri-La Hotel in Beijing, according to a press release.

Prime Minister Sheikh Hasina witnessed the signing ceremony. Several ministers and senior officials of the Chinese government were also present at the event.

At this time, Li Fei, vice-minister of commerce of the People's Republic of China, praised Nagad's remarkable contribution to Bangladesh's economic growth and financial inclusion.

Following this agreement, Nagad Digital Bank and Nagad's MFS will be integrated with cutting-edge global technologies so customers of the country's first digital bank can enjoy international standard transaction services anytime, anywhere.

Speaking about the agreement, Nagad Digital Bank Chairman Muhammad Farid Khan said: "Nagad MFS has brought about a major revolution in Bangladesh's financial sector over the past five years. Now is the time to take it to a global standard."

"Nagad and Huawei will jointly work to achieve this for Bangladesh. Nagad Digital Bank will play a unique role in this, which will significantly contribute to building a smart Bangladesh."

He added that the agreement was signed to ensure the technological development required for a 100 percent



Pan Junfeng, president of Huawei South Asia region and CEO of Huawei Bangladesh, and Tanvir A Mishuk, founder and CEO of Nagad, shake hands after signing an agreement at the Shangri-La Hotel in Beijing yesterday.

PHOTO: NAGAD

cashless society.

"Through this, our MFS and digital bank customers in Bangladesh will enjoy world-class services, causing digital transactions to become more comfortable and affordable," he also said.

Abul Hassan Mahmood Ali, minister of finance, Hasan Mahmud, minister of foreign affairs, Salman F Rahman, private industry and investment adviser to the prime minister, and Zunaid Ahmed Palak, state minister for posts, telecommunications, and information technology, also attended the event.

To marking the golden jubilee of diplomatic relations between Bangladesh

and China next year, Prime Minister Sheikh Hasina began her China visit on 8 July. A total of 20-22 agreements and memorandums of understanding have been signed between the two countries during this visit.

Eight years ago, when Chinese President Xi Jinping visited Dhaka, Bangladesh and China elevated their bilateral relations from trade and economic cooperation to a strategic partnership.

During Prime Minister Sheikh Hasina's visit to China in 2019, China was termed as a comprehensive strategic cooperative partner in Bangladesh's development.

As part of the continuity of

cooperation between the two countries, this agreement is a significant event in the global context of digital transactions.

After this agreement, new financial services and products will be introduced for customers in Bangladesh, which will play a role in transforming the trend of the country's digital transactions in the future.

Inaugurated by Prime Minister five years ago, Nagad recently obtained a licence as the country's first digital bank.

Within a short span of time, it has become the country's largest MFS operator with 9 crore customers. Its daily transactions have also hit Tk 1,800 crore.

NRB Bank signs LTFF agreement with Bangladesh Bank

STAR BUSINESS DESK

NRB Bank signed a participating agreement with Bangladesh Bank (BB) under its Long Term Financing Facility (BB-LTFF) to finance small, medium and large export-oriented manufacturing firms.

Liza Fahmida, director of the financial sector support and strategic planning department (FSSSPD) of the central bank, and Md Omar Faruk Khan, managing director and CEO (current charge) of NRB Bank, penned the deal at the BB headquarters in Motijheel yesterday, the bank said in a press release.

The BB-LTFF will be funded by Bangladesh Bank to continue providing long-term financing for private sector firms in US dollars with a view to contributing to the national economy with increased outputs, job creation and economic growth.

Md Habibur Rahman, deputy governor of the central bank, Debdulal Roy and Husne Ara Shikha, executive directors, Firoz Mahmud Islam, additional director of the FSSSPD, and Md Shakir Amin Chowdhury, deputy managing director of NRB Bank, were also present.



Liza Fahmida, director of the financial sector support and strategic planning department of Bangladesh Bank, and Md Omar Faruk Khan, managing director and CEO (current charge) of NRB Bank, pose for photographs after signing an agreement at the BB headquarters in Motijheel yesterday.

PHOTO: NRB BANK



Kasun Herath, deputy chief executive officer and chief operating officer of Commercial Bank of Ceylon, and Salim Khan Surattee, assistant vice-president of Mana Bay, shake hands and exchange signed documents of a memorandum of understanding at the bank's head office in Dhaka recently.

PHOTO: COMMERCIAL BANK OF CEYLON

Commercial Bank of Ceylon inks MoU with Mana Bay

STAR BUSINESS DESK

Commercial Bank of Ceylon recently signed a memorandum of understanding (MoU) with Mana Bay, a premium water park located at Gazaria, Munshiganj.

Kasun Herath, deputy chief executive officer and chief operating officer of the bank, and Salim Khan Surattee, assistant vice-president of the water park, penned the MoU at the bank's head office in Dhaka, the bank said in a press release.

Under this MoU, the park will provide 'Buy 3 Get 1 (B3G1)' facilities on entry tickets using CBC Visa Cards. Other senior officials from both companies were also present at the signing ceremony.

3.64 lakh insurance policies

FROM PAGE B1

Kazim Uddin, chief executive officer of National Life Insurance Company, opined that consumers' lack of confidence in insurance companies was increasing as many companies were failing to pay claims timely.

He added that National Life was also feeling the effects of that and that the IDRA should take strict steps to restore customers' confidence in the sector. Apart from this, policies may have lapsed due to the increased costs of living, he added.

Annual inflation hit a 12-year high in 2023-24, rising to 9.73 percent.

The IDRA report added that Mercantile Islami Life Insurance, Jamuna Life Insurance Company and BAIRA Life Insurance Company had the lowest number of policy lapses.

Zahangir Alam, spokesperson of the IDRA, told The Daily Star that an explanation would be sought from companies with the highest number of policy lapses.

Then they will be asked for a plan to overcome this situation. After that, the next step will be taken, he said.

In 2023, 15.42 lakh customers saw their policies lapse, according to the

IDRA data.

SM Ibrahim Hossain, director of Bangladesh Insurance Academy, a state-run institute which trains insurance professionals, said the reasons why policies lapse include agents' bent not to furnish potential customers with key information that may lead to non-subscription of the products in the first place.

This can lead to customers purchasing plans they cannot afford to continue.

"Agents often don't share all the rules when they sell policies. Agents may also sell a product that may not suit the customer's requirements, so the buyer may not have the financial capacity to continue it."

There are other reasons for policy discontinuation, one being embezzlement by agents. Non-payment of premiums and customer's loss of income also play a role, he said.

Lapsed policies are bad for both customers and insurers. For customers, a policy lapse means losing the safety net that could protect them against unforeseen events. For insurers, it leads to lost revenue and negatively impacts financial stability and customer relationships.

DSE turnover crosses

FROM PAGE B1

Cables, Bangladesh Industrial Finance Company and Republic Insurance Company also chalked up gains. Rupali Life Insurance Company shed the worst, losing 2.99 percent.

National Life Insurance Company, Shyampur Sugar Mills, Zeal Bangla Sugar Mills, and ICB Islamic Bank suffered losses.

Unilever Consumer Care, Sea Pearl Beach Resort & Spa, Shahjalal Islami Bank and ADN Telecom were also on the losers' chart.

Market movement was driven by positive changes in the market cap of travel and leisure, tannery industries,

and fuel and power scrips amid negative changes in the market cap of paper and printing, life insurance, and food and allied scrips, according to the daily market update by Shanta Securities.

Sea Pearl topped the turnover list with a 2.71 percent gain, followed by Capitec Asset Management (2.03 percent), Beach Hatchery (9.89 percent), and Salvo Chemical Industries (10 percent).

The Chittagong Stock Exchange also rose with the Caspi, the premier index of the bourse in the port city, jumping 94.96 points, or 0.60 percent, to settle at 15,889.62.

HSBC gets 'Best Sub Custodian of the Year' award

STAR BUSINESS DESK

The Hongkong and Shanghai Banking Corporation (HSBC) Bangladesh has been honoured with the "Best Sub Custodian of the Year" award for the first time in Bangladesh at The Asset Triple A Sustainable Investing Awards 2024.

This achievement highlights HSBC's ongoing commitment to providing exceptional sub-custodian services and demonstrates the bank's dedication to upholding the highest industry standards.

The British multinational bank's collaboration with internal and external stakeholders has helped the bank continually improve its offerings and deliver the highest level of services.

This award also serves as testament to the quality of HSBC's product and service offerings, advocacy, thought leadership skills and its client-centric approach.

The achievement highlights HSBC's ongoing commitment to providing exceptional sub-custodian services

Commenting on the award, Bashar M Tareq, head of markets and securities services at HSBC Bangladesh said: "The recognition reflects our best-in-class operations and we will continue our commitment towards the development of Bangladesh's capital markets."

As a sub-custodian, HSBC has been safekeeping financial assets of its clients and facilitating their investments (equity/ fixed income) in the local stock market.

The bank provides numerous services, including trade settlement, dividend collection, and other stock market-related assistance to its clients.

The Asset Triple A Sustainable Investing Awards are the industry's most extensive recognition for excellence in the business, bringing together asset owners and managers with their service providers.

It is built upon a stringent methodology that is combined with a rigorous approach in selecting the best institutions and deals.

The awards are adjudicated by The Asset's board of editors, who collectively have several decades' worth of evaluating industry awards.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JULY 9, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 78	0	2.22 ↑
Coarse rice (kg)	Tk 48-Tk 52	-3.85 ↓	2.04 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-20.56 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 155	1.69 ↑	-12.28 ↓
Potato (kg)	Tk 56-Tk 65	5.22 ↑	55.13 ↑
Onion (kg)	Tk 105-Tk 115	37.50 ↑	46.67 ↑
Egg (4 pcs)	Tk 45-Tk 50	-6.86 ↓	-1.04 ↓
SOURCE: TCB			

Mercantile Bank launches Bangla QR code service to enhance cashless banking

STAR BUSINESS DESK

Mercantile Bank launched the "Bangla QR Code" based service to make banking easier, more advanced and technology driven.

From now on, the bank's customers can make purchases and payments through Bangla QR services by utilising the "MBL Rainbow" app.

Md Quamrul Islam Chowdhury, managing director of the bank, inaugurated the service at the bank's head office in Dhaka yesterday, according to a press release.

In his address, Chowdhury said that the Bangla QR service would simplify shopping and various payment processes for customers.

"Customers can make payments at any merchant point displaying the 'Bangla QR Code'. MBPLC customers can enjoy this service by utilising their savings or current account deposits through the 'MBL Rainbow' app, a digital banking service of the bank," he said.

"The 'Bangla QR Code' service is free and secure, with customers receiving SMS notifications for each transaction. Customers can spend up to Tk 20,000 per day and Tk 100,000 per month through this service," he added.

Mati Ul Hasan, additional managing director of the bank, and Adil Raihan, Shamim Ahmed, Md Mahmood Alam Chowdhury and Ashim Kumar Saha, deputy managing directors, were present.



Md Quamrul Islam Chowdhury, managing director of Mercantile Bank, inaugurates Bangla QR code-based services at the bank's head office in Dhaka yesterday.

PHOTO: MERCANTILE BANK

Dollar inches up

REUTERS, Tokyo/London

The US dollar edged higher on Tuesday from its lowest levels in almost a month versus major peers in the previous session, as traders awaited testimony from Federal Reserve Chair Jerome Powell days after an unexpectedly soft US jobs report.

The euro held its ground after Monday's sharp swings as investors came to terms with a hung parliament in France, which points to a potential political gridlock, but lessens fiscal concerns stemming from outright far-right or leftist victories.

The US dollar index, which measures the currency against six major peers, was last up 0.1 percent at 105.06, rising from an overnight low of 104.80, a 3-1/2-week trough.

The index slumped nearly 1 percent last week, exacerbated by Friday's monthly payrolls report, which boosted bets for the Fed to soon start cutting rates.



An employee of a bank counts US dollar notes at a branch in Hanoi, Vietnam. PHOTO: REUTERS/FILE

Traders currently see about a 76 percent chance of a rate cut at the September meeting, up from 66 percent a week ago, according to the CME Group's FedWatch Tool. Another cut is expected by December.

"The recent run of weaker economic data (is) pointing to the prospect of Powell being more willing to signal the potential for rate cuts," said Derek Halpenny, currency strategist at MUFG.

"We see the dollar as vulnerable to further selling today given the macro backdrop."

Chair Powell is set to give two days of testimony before Congress, beginning later in the day, with the Senate and followed by the House on Wednesday.

The consumer price index (CPI) data on Thursday could also be crucial, market watchers said, with recent numbers showing a cooling from unexpectedly high levels at the start of the year.

The euro was trading lower at \$1.0819, not far from Monday's nearly four-week peak of \$1.0845. The single currency also dipped as low as \$1.07915 the same day.

Europe's single currency has bounced around in recent weeks due to uncertainty over French politics, which still remains even after Sunday's vote. The French left said on Monday that it wanted to run the government, but conceded that talks would be tough and take time.

Oil prices slip

REUTERS

Oil prices slipped on Tuesday after a hurricane that hit a key US oil-producing hub in Texas caused less damage than markets had expected, easing concerns over supply disruption.

Brent futures fell 39 cents or 0.45 percent to \$85.36 a barrel by 1111 GMT, while US West Texas Intermediate (WTI) crude slipped 44 cents or 0.53 percent to \$81.89.

Although oil refining activity slowed and some production sites were evacuated, major refineries along the US Gulf Coast appeared to see minimal impact from Hurricane Beryl, which weakened into a tropical storm after hitting the Texas coast.

"Early indications suggest that most energy infrastructure has come through unscathed," ING analysts Warren Patterson and Ewa Manthey wrote in a client note, adding that price action in crude oil and refined fuel markets reflect little concern on supply disruption from the hurricane. That eased market worries about the risk of supply disruption in Texas, where 40 percent of US crude oil is produced.

Major oil-shipping ports around Corpus Christi, Galveston and Houston had been shut ahead of the storm. The Corpus Christi Ship Channel reopened on Monday and the Port of Houston was projected to resume operations on Tuesday afternoon.

Several key refiners such as Marathon Petroleum were also preparing to restart their refining units.

Market participants are also keeping an eye on the situation in the Middle East for more trading cues. Oil prices settled down 1 percent on Monday amid hopes a possible ceasefire deal in Gaza could reduce worries about global crude supply disruption.

Apple auctioned at Tk 61 a kg, orange at Tk 67

Ctg customs sells 118 tonnes of apple, orange at Tk 74.6 lakh



MOHAMMAD SUMAN

The Chattogram Custom House has auctioned off around 118 tonnes of fruits at Tk 74.6 lakh – apple at Tk 61 a kg and orange at Tk 67.

Although the authorities had fixed the reserve value for the goods at Tk 2.09 crore, the bidders of the open auction did not show that much interest due to the bad condition of the fruits.

The customs house called the auction on Monday to sell around 94.88 tonnes of apple and around 23.46 tonnes of orange, which were brought in by four Dhaka-based importers—Tradeco, Khadija Enterprise, Jarifa Enterprise and Siddique and Sons—at the beginning of this year.

The customs started the auction process in May this year when the importers refused to take release of the goods in time.

A customs official said businesses mainly do not take delivery of the imported goods particularly fruits when they find the market price of the goods is less than the import value.

Importers need to take delivery of the goods they brought in within 30 days after the goods are unloaded from ships at the port jetty.

The customs authorities send notice to the importers if they do not take delivery of the imported goods within the 30-day window.

The customs authorities can auction off the goods if the importer does not receive the cargo within 15 days of the issuance of the notice.

"The quality of the apple is not good. I offered the top price of the goods among one hundred bidders in an open tender," Alam Hossain, proprietor of Hossain Trading and a top bidder of apple, told The Daily Star.

"Over hundred bidders took part in the open auction and the proposals will be sent to the auction committee mentioning the names of the highest bidders. The goods will be handed over if the auction committee approves the proposals, a custom official said.

If the proposals do not get approval, the goods will be auctioned again, he said.

IMF warns Britain faces 'difficult choices' to fix economy

AFP, Washington

Britain, whose new Labour government has just taken office, is facing difficult choices due to its high level of public debt, the International Monetary Fund warned on Monday.

According to the Washington-based institution, "the main medium-term challenge for fiscal policy will be to better account for public spending needs, while assuredly stabilizing public debt."

The warning was part of the IMF's annual review of the country's economic and financial situation, known as the Article IV consultation.

"Absent a substantial boost to potential growth, stabilizing public debt will require difficult tax and spending choices," the IMF said.

The Fund said there was a need for major investment, particularly in the healthcare sector, against a backdrop of chronic underfunding and an aging population, as well as "more ambitious structural reforms to boost potential growth."

But the IMF also stressed the need to keep public debt under control, as it approached the equivalent of 100 percent of the country's GDP.

Among the measures that could be taken to meet this dual challenge, the IMF pointed to the possibility of boosting government tax revenues through increases in a carbon tax, inheritance tax, property tax and a broadening of the VAT base.

STOCKS		
DSEX ▲	CASPI ▲	
0.53%	0.60%	
5,594.64	15,889.62	

COMMODITIES		
Gold ▲	Oil ▼	
\$2,363.52	\$81.76	
(per ounce)	(per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.45%	▲ 1.96%	▲ 0.64%	▲ 1.26%	
80,317.26	41,580.17	3,426.09	2,959.37	

Economists say China's GDP likely to top 5% in first half

ANN/CHINA DAILY

China's economy will likely expand by over 5 percent in the first half of this year amid strong policy stimulus, robust industrial production and stable external demand, providing a solid base for achieving its annual growth target of around 5 percent, economists said on Monday.

Looking into the second half of the year, they said the economy is on track for stable growth thanks to the strong manufacturing performance, resilience in exports and stepped-up macroeconomic policy support.

Meanwhile, they cautioned of the pressures from lackluster domestic demand and mounting external uncertainties, saying stronger fiscal stimulus measures will be key to tackling the issues faced by the economy and more efforts should be made to boost private investment, spur consumption and further stabilize the property market.

"China's economy has made a good start at the beginning of the year and the economy has continued the recovery trend in the first half of

2024," said Wen Bin, chief economist at China Minsheng Bank. "China's economy will likely grow by around 5.2 percent in the first half, followed by a 4.9 percent growth in the third quarter and a 5.1 percent increase in the fourth quarter."

His remarks came as the market is eagerly awaiting the release of key economic indicators by the National Bureau of Statistics on July 15.

As the broader economy is still facing pressures from still-weak domestic demand as well as a more complicated and grimmer external environment, Wen said he expects to see more government measures to accelerate infrastructure construction, drive large-scale equipment renewal and digest existing housing inventories.

"It is advisable to step up fiscal policy support, further deepen reforms and expand opening-up, which will help strengthen internal driving forces and significantly boost market confidence," he said.

On the monetary front, as the US Federal Reserve is widely tipped to start interest rate cuts in the

latter half of 2024, he said any such cuts would create more room for the People's Bank of China, the country's central bank, to ease monetary policy.

China has already announced a series of measures to boost demand, including the issuance of 1 trillion yuan (\$138 billion) worth of ultra-long-term special treasury bonds this year as well as driving large-scale equipment renewal and trade-in deals for consumer goods.

"With the gradual stabilization of the endogenous driving force, China's economy will continue the recovery trend," said Li Chao, chief economist at Zhesang Securities. "The country's economic growth rate will likely reach 5.1 percent this year, meeting the annual growth target."

Li's views were echoed by Xiong Yuan, chief economist at Guosheng Securities, who said the second-quarter GDP growth rate will likely be around 5 percent.

"The policy focus is shifting to stabilizing the housing market, boosting demand and advancing reforms," he said.

BB issues

FROM PAGE B1

All scheduled banks will annually select external auditors at their annual general meetings from a list approved by Bangladesh Bank, it said.

Then, immediately after the selection, the banks will have to apply for no-objection certificates from the central bank regarding the appointment.

The scheduled banks will have to complete all procedures for the appointment of external auditors within the eighth month of the accounting year under audit. Respective banks will ensure the supply of all necessary information and documents to the external auditor timely and will be responsible for any delay in the commencement or completion of audit activities due to a delay in supplying required documents.

Additionally, under the rules, the same external auditor cannot be appointed in the same bank for more than three consecutive years.

If the condition is violated, that particular external auditor will not be able to participate in external audit activities in the concerned bank for another three years.

GDP growth tops 6% in third quarter

FROM PAGE B1

Bank published the corrected export data as part of its balance of payments (BoP) and detected around a \$14 billion gap between national shipments and actual receipts.

"The GDP growth figures have been suspect for quite some time," Bhattacharya said.

This is because the proxy indicators of GDP growth, such as private investment, credit flow, import of capital machinery and use of energy, do not align with the overall economic performance, he added.

Even the latest mid-term macro framework indicates such misalignment, he said, adding: "We hoped that the introduction of quarterly GDP growth estimates would partly address this problem. However, the misalignment with the proxy indicators continues."

The January-March quarter had been depressed not only in terms of investment but also consumption - depriving the economy of required growth impetus, said Bhattacharya, also a distinguished fellow at the Centre for Policy Dialogue, a think tank.

The recent conundrum with the export data indicates the depth of the problem. "Indeed, it is time to form an independent Statistical Commission to streamline the national income estimates as well as other concerned indicators such as private investment and employment," he said.

As a matter of fact, the credibility of official data will have enhanced importance during the economy's transition to its next stage.

"Thus, we should not underplay the importance of real-time, credible official data," he said.

State banks nowhere near target

FROM PAGE B1

among lenders in Bangladesh in December. It rose to Tk 30,495 crore in March this year, central bank data showed.

This forced the bank to stop giving out large loans and focus on getting back the unpaid loans from the top borrowers.

Recently, Janata's Managing Director Md Abdul Jabbar told The Daily Star that he was worried that the bank's bad loans would surge.

Agrani Bank got back only 3 percent of the Tk 685 crore recovery target set for 2023. Owing to the lackluster collection from the defaulters, the bank's bad loans increased to Tk 21,476 crore from Tk 15,400 crore in 2022.

Zakia Group, JoJ Bhuiya Group, Tanaka Group, and Dhaka Hide & Skin Ltd are the top defaulters of the bank.

A senior official of the bank said Agrani is going to form a separate team to recover the bad loans from

the top defaulters.

Of the four state-run banks, Rupali's performance was comparatively better than the other in terms of loan recovery.

The BB gave a goal of retrieving Tk 350 crore from the big defaulters last year. The lender attained 20 percent of the target.

As of June last year, Nurjahan Group, Benetex Industries, A Net Spin Ltd, Virgo Media (Channel 9), HR Spinning Mills, Ibrahim Consortium, SA Group and M Rahman Steel were among its top defaulters.

The bank's bad loans were at Tk 10,043 crore in 2023, up from Tk 9,225 crore a year ago, BB data showed.

Yesterday, Rupali Bank Managing Director Mohammad Jahangir said the bank has maintained regular contact with the top defaulters and taken steps to fast-track the legal procedures against the defaulters.

"We got good results last year thanks to our efforts. We will keep up the momentum."

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার				
তত্ত্বাবধায়কের কার্যালয়				
জেলা সদর হাসপাতাল, রাজবাড়ী				
E-mail: rajbari@hospi.dghs.gov.bd			তারিখঃ ০৯/০৭/২০২৪ইং	
উন্মুক্ত দরপত্র বিজ্ঞপ্তি				
জেলা সদর হাসপাতাল, রাজবাড়ীর জন্য ২০২৪-২০২৫ অর্থ বৎসরে এমএসআর সামগ্রী সরবরাহ				
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০২	সাপ্তাহিক সস্তার নাম ও জেলা	১	জেলা সদর হাসপাতাল, রাজবাড়ী।	
০৩	দরপত্র নং	১	"সরকারি নং-জেলাসহকারী/এমএসআর/২০২৪-২৫/১৩১২, তারিখঃ ০৯/০৭/২০২৪ইং।	
০৪	সাপ্তাহিক পদ্ধতি	১	উন্মুক্ত দরপত্র পদ্ধতি।	
০৫	অন্য বিবরণ	১	জিআইপি বাস্তব/কল্যাণ যে কোন উল্লেখ।	
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			০৩	সিঙ্গেল সাস্ট্রী
			০৪	পাশ, বাস্তব, অস্ট্রেলিয়ার ও অ্যান্ড
			০৫	সাস্ট্রেলিয়ার প্রবাসি বেসিফিকেশন-এক্সট্র (পলিইথার সিস্টেম), এক্স-রে ফিল্ম ইত্যাদি
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Govt drafts AI policy to tap its potential, tackle concerns

STAR BUSINESS REPORT

The government has formulated the draft National AI policy as it looks to make the best use of artificial intelligence to raise productivity and spur economic growth while dealing with the concerns presented by the technology spreading at a breakneck pace.

"This policy seeks to harness the benefits of AI while mitigating its risks, fostering innovation, and ensuring that AI technologies serve the best interests of the citizens and the nation as a whole," the draft said.

The Information and Communication Technology Division prepared the National AI Policy and published it recently.

The policy is expected to address the legal, ethical, and societal implications of AI effectively and efficiently.

It has placed a significant emphasis on public awareness and education, enlightening citizens about AI and its far-reaching benefits.

The objectives of the policy are to accelerate equitable economic growth and productivity through AI-driven optimisation, forecasting, and data-driven decision-making, and ensure efficiency and accessibility of public services through AI enabled personalisation.

The draft comes as countries around the world race to prepare to deal with the changes being brought about by the fast-evolving technology.

The International Monetary Fund (IMF) has published its new AI Preparedness Index Dashboard for 174 economies, based on their readiness in four areas: digital infrastructure, human capital and labour market policies, innovation and economic integration, and regulation.

It showed Bangladesh's score stands at 0.38 compared to 0.49 of India, 0.37 of Pakistan, 0.35 of Nepal, 0.44 of Sri Lanka, 0.77 of the US, 0.64 of China, and 0.73 of Australia. Developed countries have a score of at least 0.7.

In Bangladesh, the government plans to adopt data-driven policy-making in every sector through AI-supported analytics and insights and nurture a skilled workforce that can utilise and build AI technologies.

It wants to embed AI in education and skills development so that the largely

AI POLICY AIMS TO ...

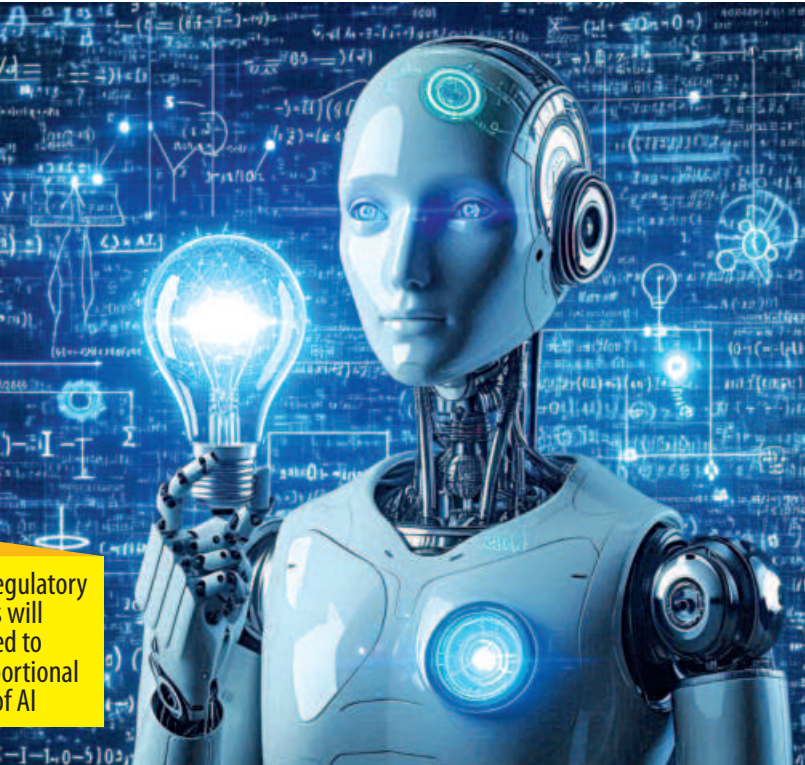
- Foster innovation and ensure that AI technologies serve the nation
- Address legal, ethical and societal implications of AI
- Accelerate equitable economic growth and productivity through AI-driven optimisation and data-driven decision-making
- Embed AI in education and skills development to nurture a workforce capable of utilising and building AI technologies
- Establish a culture of research and innovation through public and private funding

OTHER KEY ASPECTS

An independent National Artificial Intelligence Centre of Excellence will be established

The National AI Advisory Council will guide sectoral AI initiatives

Legal and regulatory frameworks will be developed to ensure proportional regulation of AI



young population can meet the demands of the future.

The draft said the country will also foster a culture of AI research and innovation through public and private funding. It will ensure development and adhere to a robust ethical framework by establishing regulatory measures that uphold human rights in AI development and deployment.

The ICT Division, in collaboration with relevant ministries, industry, academia, and civil society, will take necessary steps to establish the institutional framework for the policy implementation, officials said.

It will set up an independent National Artificial Intelligence Center of Excellence (NAICE).

The NAICE will be responsible for coordination and monitoring of AI initiatives using key performance indicators and evaluation of AI initiatives' social, economic, and environmental impacts, guiding adjustments for maximum benefits and risk mitigation.

It will facilitate collaboration and

knowledge-sharing among stakeholders, including government agencies, industry, academia, and civil society. It will ensure that any measures taken to regulate the technology are proportional to the risk and balanced to encourage innovation.

The government will form a high-level national AI advisory council to guide the implementation of sectoral AI initiatives.

The draft said the legal and regulatory frameworks are necessary for AI policy implementation.

The National Strategy for AI will be framed, and it will be updated every two years in accordance with the advancement of AI worldwide.

The strategy will include data retention policies, deal with the legal issues of data governance and ownership and focus on interoperability and data exchange.

According to IMF's economist Giovanni Melina, AI can increase productivity, boost economic growth, and lift incomes. However, it could also wipe out millions of jobs and widen inequality.

IMF's research has shown how AI is

poised to reshape the global economy. It could endanger 33 percent of jobs in advanced economies, 24 percent in emerging economies, and 18 percent in low-income countries.

But, on the brighter side, it also brings enormous potential to enhance the productivity of existing jobs for which AI can be a complementary tool and to create new jobs and even new industries.

Melina said most emerging market economies and low-income countries have smaller shares of high-skilled jobs than advanced economies, and so will likely be less affected and face fewer immediate disruptions from AI.

"At the same time, many of these countries lack the infrastructure or skilled workforces needed to harness AI's benefits, which could worsen inequality among nations."

The economist said the policy priority for emerging markets and developing economies should be to lay a strong foundation by investing in digital infrastructure and digital training for workers.

Cashless economy: a tech leap with inclusion hurdles

M RASHIDUL HASAN

Cashless payments are driven by innovations like online banking, cryptocurrencies, and mobile payments, delivering enhanced convenience, security, and efficiency. Countries like Norway, Sweden, and China lead with minimal cash usage and robust digital infrastructures.

In Bangladesh, rapid strides towards a cashless future through digital finance, mobile financial service (MFS), and e-commerce align with the SMART Bangladesh framework 2041, targeting 100 percent cashless transactions by 2031. With 1.77 million agents and 223 million registered clients in the MFS sector, Bangladesh aims to accelerate financial inclusion and economic efficiency.

Bangladesh's path to financial inclusion began with branch banking and microcredit. The introduction of MFS and agent banking in the 2010s was pivotal, particularly during the Covid-19 pandemic, enhancing transparency, introducing new financial products, and fostering inclusion.

The digital ecosystem also saw a surge with 36 million debit cards, 2.4 million credit cards, and 5.8 million prepaid cards. Internet banking engages 8.5 million users with monthly transactions totaling Tk 1 lakh crore.

Hindrances to a cashless Bangladesh

Insufficient digital infrastructure, limited internet access, lack of service points, and inadequate public education on digital transactions hinder the move towards a cashless economy. The lack of seamless integration among diverse payment systems impedes efficient cashless transactions and a smooth user experience.

Weak cybersecurity measures, encryption protocols, and insufficient monitoring leave digital payment systems vulnerable to cyber risks. Frequent technical glitches and power outages, coupled with inadequate backup systems and infrastructure resilience, undermine service continuity and user trust.

The significant urban-rural digital gap also limits equitable access to smartphones, and digital literacy, restricting inclusive participation in the cashless economy. Furthermore, insufficient regulations, monitoring, and authentication processes increase the risk of fraud and money laundering, eroding trust in digital transactions.

Building bridges: approaches for inclusion

Bangladesh's 8th Five-Year Plan emphasises ICT-driven financial inclusion while achieving a cashless economy requires collaborative efforts across the government, financial institutions, civil society, and the private sector to bridge the digital gap effectively. The BASIS has made some recommendations:

The Finance Bill 2024 mandates that software and IT-enabled service providers conduct transactions via bank transfers from July 1, 2024, to qualify for tax exemption until June 30, 2027. Although it aims at promoting cashless transactions, this requirement conflicts with SMART Bangladesh's goal for a cashless vision by 2031, presenting infrastructure scalability challenges and reliance on cash for daily expenses unsupported by current banking systems.

According to the Finance Bill 2024, thriving services like cloud computing and IT outsourcing could face adverse impacts if taxed, potentially displacing local businesses and deterring new entrants. Government investments in rural internet infrastructure and partnerships with telecom operators for fibre optic cables and Wi-Fi hotspots are crucial for enhancing accessibility.

Essential financial literacy programmes in local languages through radio broadcasts, mobile tutorials, and community outreach are vital for rural citizens to adopt safe digital practices. Cybersecurity awareness campaigns are essential to educate citizens about online threats, complemented by robust security measures and data encryption technologies in financial institutions to protect user information.

Bangladesh's path to a cashless economy requires meticulous planning and collaboration among policymakers, financial institutions, and technology providers. Despite high expectations, numerous challenges must be effectively tackled. Addressing these issues is pivotal for realising Bangladesh's vision of a comprehensive cashless economy, paving the way for a more inclusive and efficient financial landscape.

The author is senior vice-president of the Bangladesh Association of Software and Information Services.



Gold firms

REUTERS

Gold prices ticked higher on Tuesday, with investors awaiting comments from Federal Reserve Chair Jerome Powell and the U.S. June inflation data for further cues on the likely direction of interest rates.

Spot gold was up 0.1 percent to \$2,360.59 per ounce as of 1210 GMT. US gold futures firmed 0.2 percent to \$2,367.10.

Powell is due to speak before the Senate on Tuesday and the House on Wednesday.

"Markets' expectations for the timing of Fed rate cuts remain gold's primary driver... should Chair Powell unexpectedly sound dovish, that should restore spot gold back closer to the psychological \$2,400 level," said Han Tan, chief market analyst at Exinity Group.

The consumer price index (CPI) data on Thursday will also be closely watched, with recent numbers showing a cooling from unexpectedly high levels at the start of the year.

China's central bank is stuck in a policy dilemma

REUTERS, Hong Kong

At least traders now know for sure where the People's Bank of China stands. The central bank said on Monday that it would start intervening in short-term debt markets, a week after revealing it was prepared to borrow and sell longer-term government securities. All else being equal, the moves ought to help fulfil one of the institution's mandates - maintaining a stable currency. But it'll probably come at the expense of its other chief directives, fostering economic growth.

Helping with the latter would ideally mean cutting interest rates. That ought to have two related impacts. First, it would make government debt less appealing to investors, who in recent weeks have piled into it seeking a safe haven.

The knock-on effect would then be to prompt buyers to put their money to more

productive use.

Trouble is, that would effectively mean giving in to the traders who have piled into the bond-buying spree, betting that the PBOC would have no choice but ease monetary policy.

The central bank said on Monday that it would start intervening in short-term debt markets

It would also entail rejecting two of the core elements President Xi Jinping said at the start of the year that China should strive for as a "financial power": a "strong currency" topped his list and a "strong central bank" came second.

The yuan has had a tough time of late. It has weakened more than 10 percent against the dollar since the Federal Reserve

began raising rates in March 2022. That has left it trading close to a trough against the greenback not seen since 2007.

The PBOC's new measures may help. These involve conducting temporary bond repurchase or reverse repo operations - whichever is deemed necessary - to ensure "reasonable and sufficient liquidity" in the banking system. That'll tighten the band within which rates trade, giving the central bank greater control.

It would be the first time in almost a decade that the PBOC has deployed these tools. The balance-sheet runoff the bank is forecasting with its two latest moves sends a strong signal that no rate cuts are on the cards.

It's a tricky dilemma to be stuck in. The bank's governor, Pan Gongsheng, will be hoping policymakers meeting at the Communist Party's Third Plenum next week will help solve it for him.

Boeing's future CEO has same mess, different day

REUTERS, New York

Boeing has not yet met a sufficiently painful reckoning. The \$113 billion jet maker will plead guilty to a criminal fraud conspiracy, according to court filings submitted Sunday by the US Department of Justice. As part of the deal, Boeing will pay a further \$244 million fine and put \$455 million towards safety over the next three years. Neither does much to dent the earnings power of an entrenched duopolist - or dispel the mire of controversy awaiting the unnamed Boeing boss who is set to replace exiting David Calhoun.

The plea deal is the culmination of an investigation into whether Boeing violated the terms of a prior bargain, struck in 2021, that deferred prosecution for misleading aviation regulators. At root are two crashes involving the company's 737 MAX, which together claimed 346 lives. The old agreement charged that Boeing's employees had committed "fraudulent and deceptive conduct." The new deal includes a criminal rap for Boeing itself.

That poses some potential complications, though on the face of it, nothing Boeing hasn't weathered before. Felons are ordinarily barred from winning government contracts, which underpin Boeing's crucial defense business. But the company can receive waivers to enable it to continue to do business with Washington, and has shrugged off prior threatened suspensions on winning contracts.

Already, it is talking to the US Defense Department about how it might be affected, according to a Reuters report. With the alternative being the US government sending its business from the Virginia-based company to a foreign entity, for now, this chunk of Boeing's earnings seems safe.

Still, any variation from that could substantially add to the company's problems, which Calhoun partly inherited when he took the top job in 2020. Shares



have fallen some 43 percent since the first crash in 2018; the government capped its production rate of 737 MAX planes at 38 per month; French rival Airbus is winning share. Sure, net income is expected to reach \$9.5 billion by 2028, according to Visible Alpha, making the \$151 million of implied extra annualized safety spending a drop in the bucket. But those estimates represent an ambitious an 18-fold increase from 2024.

If plane orders are further delayed, or future dents to credibility give airline customers pause, earnings growth could stall. On Monday, Boeing's stock gave up early gains amid news of a new government inspection over potentially faulty oxygen masks.



American Airlines' Boeing 737 planes are seen parked at LaGuardia Airport in Queens, New York. On Monday, Boeing's stock gave up early gains amid news of a new government inspection over potentially faulty oxygen masks.

PHOTO: AFP/FILE