

The government overestimated annual revenue collection targets and future expenditures over the past 11 years, according to a finance ministry document.

Story on B4



Remittance shows signs of decline

STAR BUSINESS REPORT

Bangladesh received \$1.65 billion in remittances in the first 28 days of July, signalling a decline owing to the internet blackout, which blocked banks from collecting much-needed foreign currencies from migrant workers.

The inflow was 16 percent lower compared to the full month of July a year ago, according to central bank data. It was also 35 percent lower than the remittance inflow in June this year.

"Remittances did not arrive as the internet connection was disrupted for four or five days," said Selim RF Hussain, chairman of the Association of Bankers Bangladesh (ABB).

Bangladesh witnessed an internet outage around 9pm on July 18 in the face of violence, deaths, and injuries centring the quota reform movement.

The government only restored broadband connection on a limited scale from July 23 before restoring broadband internet across the country the next day.

Remittance collection remained suspended during the outage, said bankers, adding overall flow of receipts did not pick up even after the restoration of the internet.

Central bank data showed that the inflow of remittances, a key source of foreign currencies, stood at \$138 million from July 21 to July 27, the lowest among the four weeks of the month.

Hussain, also managing director and CEO of BRAC Bank, said overall flow may fall this month because of the internet outage.

In the four weeks of July this year, daily average remittance flow declined 7 percent year-on-year to \$59.18 million.

The daily average inflow so far in July was also lower than the daily inflow of \$84.7 million in June this year.

Hussain said expatriates send money to their families based on their needs.

"I do not believe that remittance inflows will be

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The disruption in production at garment factories caused by violence stemming from the quota reform movement as well as a nationwide curfew and internet blackout has created anxiety among foreign buyers, who are desperate to receive timely shipment of goods ahead of the Christmas season.

PHOTO: STAR/FILE

Apparel retailers express concern about shipment delay

STAR BUSINESS REPORT

International clothing retailers and brands yesterday expressed concern about the timely shipment of goods following the latest spell of violence stemming from the quota reform movement, imposition of curfew and five-day internet blackout, which crippled economic activities.

In light of the situation, retailers urged leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to ensure timely shipment of goods to be sold during the Christmas season.

They also demanded that the government quickly restore high-speed internet and broadband services to allow quick communications with their headquarters abroad.

They made the demands at a meeting with BGMEA leaders at the trade body's office in the capital's Uttara.

Although it was a regularly scheduled meeting between the BGMEA and buyers,

important issues came to the fore due to the recent crisis.

For example, buyers called for addressing the backlog and congestion of containers at the Chattogram and Benapole ports so that export activities could run smoothly, according to a senior BGMEA leader who was present at the meeting.

Their concerns had been compounded by the fact that factories faced a complete shutdown for four days, especially as the months of July, August and September are the peak time for the shipment of goods to be sold during Christmas, the biggest retail sales extravaganza in the Western world.

It is also the peak time to confirm the prices of goods to be shipped next summer and spring.

The disruption in production, delivery and shipment took place at a time when Bangladesh's exports were trending downwards.

Overall exports declined from \$39.69 billion in the July-May period of FY23 to \$37.35 billion in the same period of FY24,

according to data from the Bangladesh Bank.

In the same period, Bangladesh's garment shipments fell 5.2 percent to \$33.04 billion.

At present, many garment factories cannot continue timely production due to a lack of raw materials like yarn, which could not be transported to factories because of the volatile situation over the past week.

Furthermore, suppliers had to cancel hundreds of pre-scheduled meetings and factory inspections over the past week.

Almost all the major garment sourcing companies were present at the meeting, including representatives from retailers like H&M, M&S and Bestseller.

They expressed concern about difficulties transporting goods as well as shipments from Chattogram port while also lamenting the slow internet speed, which hindered communication with their headquarters.

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Shipping woes cripple non-RMG exporters

JAGARAN CHAKMA

Although the plight of the readymade garment (RMG) sector has stolen the limelight, non-RMG industries have also witnessed unprecedented shipment woes, including cancellation of bookings, due to the upheavals over the past week.

Violence centring the quota reform protests, a nationwide curfew imposed by the government and a five-day internet blackout brought nearly all economic activities to a standstill, including at the country's premier seaport in Chattogram.

Although the country's main port has become fully operational, non-RMG exporters alleged that they had been getting less priority in booking shipments despite accounting for around 17 percent of the country's exports and playing a big role in export diversification.

Against this backdrop, their shipments will be delayed, which will not only create an image crisis but also result in demurrage and cause them to sell products at discounted rates, they said.

"We had to cancel some export consignments due to violence and curfew while the internet outage turned the port practically non-functional," said Kamruzzaman Kamal, director of marketing at Pran-RFL Group, which exports around 900 varieties of food and non-food products to 145 countries.

We had to cancel some export consignments due to violence and curfew while the internet outage turned the port practically non-functional.

Kamruzzaman Kamal
Director of marketing at Pran-RFL Group

"At the same time, we could not carry on correspondence with our buyers due to the internet outage", he said, adding that no one anticipated that the economy would suffer such a sudden shock.

Kamal added that they were accustomed to email communications with buyers and that there was little scope for manual correspondence. As such, regular export activities were severely hampered.

He also said the disruption would affect at least 30 percent of their planned annual exports.

Zahangir Alam, chief financial officer at Square Pharmaceuticals, said it was an unpleasant experience as the distribution of medicines was affected, which forced them to manually issue invoices to deliver products.

But he added that they did not face much trouble as their export quantity is nominal compared to sales in the domestic market.

According to him, the company exports only around 4 percent of its annual output. So, the impact in the export segment was insignificant.

However, the experience for Beximco Pharmaceuticals was quite the opposite.

Wasim Haider, senior manager (international marketing) at Beximco Pharmaceuticals, said all exports had been suspended since July 18.

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VPN use surges to bypass restrictions

STAR BUSINESS REPORT

In the wake of violence centring protests in Bangladesh, a massive surge in virtual private network (VPN) usage has been witnessed as citizens strived to circumvent government-imposed internet restrictions.

Bangladeshi social media users are not getting uninterrupted access to the platforms as the government has put in strict blocking mechanisms until the tech companies comply with its demands.

The international internet gateway (IIG) operators were instructed to block Facebook, the most popular app in the country with about 5.5 crore users, from the gateway devices by the Department of Telecommunications, The Daily Star has learnt from people with knowledge of the matter.

Meta's other platforms such as Messenger and WhatsApp and ByteDance's TikTok -- the most popular social media and instant messaging apps -- are on top of the block list, they said.

The aim of limiting access to social media platforms and news websites in this scenario is usually to restrict communication among protesters and prevent the dissemination of information that could incite further unrest.

However, such restrictions have inadvertently fuelled a surge in VPN usage as citizens seek alternative means to access blocked content and communicate securely.

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Politically-motivated lending causing bad loans to spiral: WB

REJAUL KARIM BYRON and AM JAHID

The amount of bad loans has been spiralling in Bangladesh owing to rampant politically-motivated lending and inadequate credit risk management, according to a World Bank report.

"Non-performing loans (NPLs) are rising, triggered by widespread related-party and politically directed lending on the back of weak credit risk management," it said.

The global lender prepared the report as a project information document for a \$400 million loan project for Bangladesh, which is still under scrutiny. This project is designed to support financial stability and inclusion by enhancing financial sector infrastructure and safety net and fostering access to catalytic private sector finance in Bangladesh.

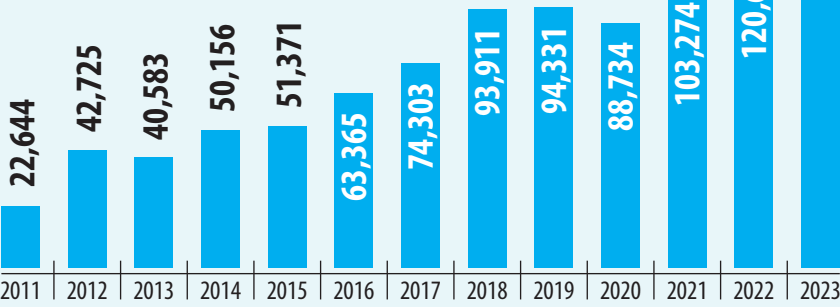
The WB said NPLs had officially increased by 20.7 percent year-on-year at the end of December 2023 to 9 percent of the loan portfolio, but that was significantly understated due to lax NPL definition, poor accounting and disclosure standards and regulatory forbearance.

State-owned banks account for almost half of the NPLs, it added.

DEFAULT LOANS OVER THE YEARS

In crore taka

SOURCE: BB



"Growing NPLs and rising cost of funds lower banks' returns and ability to build additional capital buffers, while the requirement to distribute dividends even by loss-making banks further depletes banks' reserves and increases risks to depositors and creditors," it added.

The WB said the four watchdogs who regulate the financial sector -- namely Bangladesh Bank, Insurance Development and Regulatory Authority, Bangladesh

Securities and Exchange Commission, and Microcredit Regulatory Authority -- lack operational independence, powers, skills, and the modern legislation necessary for sound financial sector development.

Despite recent efforts supported by the World Bank and other international financial institutions, much of the financial sector regulatory framework still needs to be brought in line with international standards, it said.

The banking sector's risks are also being triggered because of long-standing poor governance, weak market discipline, and low capital buffers, according to the report.

"The reported aggregate banking sector capital adequacy ratio (CAR) -- 11.64 percent in December 2023 -- is too low given the high level of risks in the banking sector. At least 16 banks are undercapitalised, with special BB waivers for deferred loan loss provisions (LLP) and capital increases."

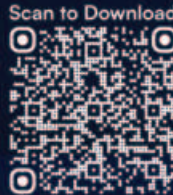
Besides, the existing framework for intervening in ailing financial institutions is weak, with authorities relying on mergers and capitalisation using state money to deal with failing banks, it said.

In December 2023, the central bank adopted a new Prompt Corrective Action (PCA) framework, supported by the WB, but it will not be fully in force until April 1, 2025, it said.

As a way forward, the World Bank said broad-based financial sector reforms are crucial for mobilising the private capital necessary to drive further growth.

"This in return requires the authorities to address in a timely and orderly manner the persistent financial sector

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Stocks fall as large-cap scrips take a blow

DSEX declines 0.99% to end the day at 5,330


However, the turnover, which indicates the total value of the day's trading, hit Tk

TechnoDrug topped the gainers' list with a rise of 9.89 percent followed by Renwick Jaineswar & Company Bangladesh, Libra

The Chattogram Stock Exchange witnessed a downward trend as the Caspi, the key index of the port city bourse, slipped by 113 points, or 0.73 percent, before getting settled at 15,273.

Najmul Huq Chaudhury, Golam Hafiz Ahmed and AKMDelwer Hussain, independent directors of the bank, Muhammad Saifullah, chairman of the Shariah supervisory committee, and Saidur Rahman and Alamgir Kabir, observers, were present.

The tensions have spread to several fronts and are in danger of spilling into a wider regional conflict, sparking investor concerns about the potential impact on crude output from the world's largest oil-producing region.



WASA Bhaban, Dampara, Chattogram, Bangladesh

Request for Expression of Interest (EOI)

for

Selection of Engineering Consultants for "Engineering Design & Construction Supervision of Chattogram Sewerage System Development Project (Catchment-2 & 4) Under Chattogram WASA".

Memo No. 46.06.0000.304.95.08.2023-35

Date: 29/07/2024

1.	Ministry/Division	Ministry of Local Government, Rural Development & Co-operatives/ Local Government Division
2.	Agency	Chattogram Water Supply and Sewerage Authority (CWASA)
3.	Procuring Entity Name	Chattogram Water Supply and Sewerage Authority (CWASA)
4.	Title of Services	Engineering Design & Construction Supervision of Chattogram Sewerage System Development Project (Catchment-2 & 4) Under Chattogram WASA.
5.	Procuring Entity Code	-
6.	Procuring Entity District	Chattogram
7.	Expression of Interest for Selection of	Consulting Firm (Time-Based)
8.	EOI Ref. No.	46.06.0000.304.95.08.2023-35
9.	Date	29/07/2024
10.	Procurement Sub-Method	Quality-Cost-Based Selection (QCBS)
11.	Budget and Source of Funds	JICA ODA Loan and Development Budget (GoB)
12.	Development Partners	Japan International Cooperation Agency (JICA)
13.	Project/Programme Code (if applicable)	N/A
14.	Project/Programme Name (if applicable)	Chattogram Sewerage System Development Project (Catchment-2 & 4).
15.	EOI Closing Date and Time	20/08/2024 and 12:30 BST
16.	Brief description of Assignment	<p>Government of Bangladesh has applied for an ODA Loan from Japan International Cooperation Agency towards the cost of implementing Sewerage Project of Chittagong Water Supply and Sewerage Authority (CWASA). CWASA is intending to apply part of the proceeds of this fund to eligible payment for "Engineering Design & Construction Supervision of Chattogram Sewerage System Development Project (Catchment-2 & 4) Under Chattogram WASA"</p> <p>The consulting services shall be provided by an international consulting firm(s) (or any other relevant entity) (hereinafter referred to as "the Consultant") in compliance with Guidelines for the Employment of Consultants under Japanese ODA Loans (October 2023). The objective of the consulting services is to achieve the efficient and proper preparation and implementation of the Project through the following works:</p> <ol style="list-style-type: none"> a) Detailed design b) Tender Assistance c) Construction supervision for CP-1, CP-2 and CP-3 d) Supervision of CWASA's entire process of implementing environmental assessment to develop an EIA report and obtaining an Environmental Compliance Certificate (ECC) in accordance with the Bangladesh laws and regulations e) Facilitation of Implementation of Environmental Management Plan (EMP) and Environmental and Monitoring Plan (EMoP) and Abbreviated Resettlement Action Plan (ARAP) f) Technology transfer g) Support for CWASA's public activity for sewerage service and promotion of house connection <p>Project Components related to this Consulting services are outline below:</p> <ul style="list-style-type: none"> ➤ Land Development for STP site ➤ Construction of Sewage Treatment Facility (60,000 m3/day) ➤ Construction of Trunk Sewer (L=11km & Dia=600-2200 mm) ➤ Construction of Branch Sewer (L=70km & Dia=200-900 mm) ➤ Installation of Connection Pipe (L=70km & Dia=150-200 mm) ➤ Installation of Catch Pit (14000Nos) ➤ Installation of Manhole (9322Nos) <p>Scope of Consulting Services:</p> <p>The scope of this Consultancy services to be undertaken shall cover all but not limited to:</p> <ol style="list-style-type: none"> a) Review and verify all available primary and secondary data b) Carry out all the required engineering surveys and investigations c) Prepare and negotiate the permission for construction works d) Prepare detailed work plan, progress reports and implementation schedule e) Prepare Project Definition Report f) Finalize design sewage flow, design pollution load, basic design g) Prepare the detailed design of the Project h) Define technical and financial requirements, capacity and/or experience for PQ criteria i) Prepare PQ documents & Assist CWASA in PQ announcement, addendum/corrigendum, and clarifications j) Evaluate PQ applications & prepare a PQ evaluation report

17. Experience, Resources & Delivery Capacity Required

The Consultant must have the experience of providing Consultancy Services for preparation of detailed engineering design and procurement documents complying with "Guidelines for Employment of Consultants under Japanese ODA Loans (October 2023)" in Design, Build, Construction Supervision and Contract Management; and successful commissioning of similar type of facilities and services as mentioned in serial 16.

18. Other Details (if applicable)

The expression of interest must include the following information that would lead in preparing short listing:

- 1) Background of the Firm(s) with brochures etc.
- 2) General and Overall experience of the Firm(s)
- 3) Experience in similar projects of comparable size, complexity and technical speciality of firms in the required area
- 4) Experience in developing countries under same environmental and geographical conditions
- 5) Experience with Japanese ODA projects.
- 6) Annual Turnover of the firms for the last five years along with audit report
- 7) Nature, total cost, total inputs in terms of man-month indicating area of expertise, employer, and location of the similar works in hand, if any
- 8) Summary of permanent professionals and technical employees with key qualifications (in tabular form) in the fields of major components of the project as well as scope of work as mentioned in serial 16
- 9) While indicating information relating to above serial 18 (3), it shall be made clear whether the responsibility of the firm was in the capacity of a principal firm or as one associated with a principal firm.
- 10) The EOI shall be submitted in one (1) original, two (2) copies, and one soft copy in USB in a sealed envelope.

Additional information:

Consultant may associate with other Consultants to enhance their qualifications, but should mention whether the association is in form of "joint venture" or "sub-consultancy". The consulting firm(s), which are "solely" or "jointly" and "severally" liable for the entire performance under the contract, shall not be allowed to participate in more than one proposal in any capacity including sub-consulting or association. A consultant, if acting in the capacity of sub-consultant or association member (not liable for the entire contract) in any proposal, may participate in more than one proposal, but only in that capacity. Consultant without having eligible criteria should not apply for EOI. Interested Consultants may obtain further information at the address of the undersigned during normal office hours. Expressions of Interest shall be submitted in sealed envelope, delivered to the address of the undersigned and be clearly marked "Request for Expression of Interest (EOI) for Selection of Engineering Consultants for Engineering Design & Construction Supervision of Chattogram Sewerage System Development (Catchment-2 & 4) Project Under Chattogram WASA".

19. Association with foreign firms is		Encouraged			
Ref. No.	Phasing of Services	Location	Start Date	Completion Date	
20. 46.06.0000.304.95.08.2023-35	Design & Bidding process including PQ	Chattogram City Corporation, Chandgaon, Panchlaish	Nov/2025	Nov/2028	
	Construction Supervision including DLP		Sep/2028	Nov/2032	
21.	Name of the Official Inviting EOI	Muhammad Nurul Amin			
22.	Designation of the Official Inviting EOI	Project Director, Chattogram Sewerage System Development Project (Catchment-2 & 4) & Superintending Engineer, MOD Circle, Chattogram WASA			
23.	Address of Official Inviting EOI	Office of the Superintending Engineer, MOD Circle, Chattogram WASA Bhaban (2nd floor), Dampara, Chattogram, Bangladesh.			
24.	Contact details of Official Inviting EOI	Phone : +880-2333-353571, Mobile: +880-1554-336007 Email: ratanbd@gmail.com			
25.	The Procuring Entity reserves the right to accept or rejects all EOI's.				

(Signature)

(Muhammad Nurul Amin)
Project Director, Chattogram Sewerage System Development Project (Catchment-2 & 4)
&
Superintending Engineer, MOD Circle
Chattogram WASA, Chattogram
Tel: +880-2333-353571
Email: ratanbd@gmail.com

SPR 82
29/7/24

GD-87



PHOTO: RAJIB RAIHAN

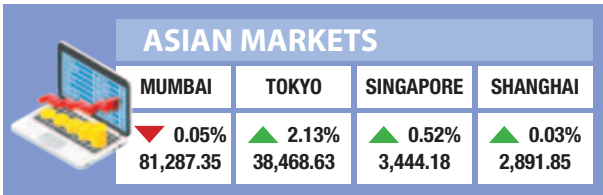
Fishers already counting losses for a 65-day ban on fishing

Md Aminul Haque Babul Sarkar,

“For example, we have to pay the

And while Bangladesh currently earns about Tk 500 crore from exporting fish

“Accidents can happen anytime under such conditions and so, they returned to shore,” Ahmed added.



"VPNs are not used by just a few people; millions of people across the globe use them. VPNs were used in Bangladesh in the past and continue to be used now," he said.

The garment sector incurred production losses amounting to Tk 6,400 crore during the four-day shutdown. Additionally, Tk 1,000 crore will have to be

—

Although buyers are not cancelling work orders or seeking discounts, they are putting a pause on work orders or delaying them, which is creating a stockpile of yarn and fabrics in mills.

It said deposit insurance coverage is low and the payout mechanism is undeveloped and was

Upgrading the regulatory and supervisory capacity of the central bank

New letters of credit declined from \$8 billion per month in FY22 to \$5 billion per month in FY24, according to the report.

Bangladesh Bank also believes that remittance flow has been returning to normalcy for the past three days.

Remittances grew 10 percent year-on-year to \$23.9 billion in FY24, according to central bank data.

The official purchasing managers' index (PMI) was forecast at 49.3, down from June's reading of 49.5, according to the median forecast of 31 economists in the poll. The 50-point mark separates growth from contraction in activity.

Solid exports have provided some support in recent months and propped up progress towards the government's growth target of around 5 percent, but as a growing number of trade partners nullify import tariffs, the jury is out on whether that boost can be sustained.

ক্যান্টনমেন্ট বোর্ড

ঢাকা ক্যান্টনমেন্ট, ঢাকা

তারিখ: ২৩.১১.১৯৮১.০১৬.১৪.০১৪.১৯.১৯৮১

তারিখ: ১৩ জানুয়ারি, ১৯৮১

২৮ জুলাই ২০২৪

ফার্মেসী ইজারা বিজ্ঞপ্তি

এতদ্বারা সকলের অবগতির জন্য জানানো যাচ্ছে যে, ঢাকা ক্যান্টনমেন্ট বোর্ড পরিচালিত সিরাজ খান্দো মোমোরিয়াল ক্যান্টনমেন্ট বোর্ড জেনারেল হাসপাতালের অভ্যন্তরে ফার্মেসিটি আগামী ৩০ (তিন) বছর মেয়াদে ইজারা প্রদানের নির্দিষ্ট দলপত্র আহ্বান করা যাচ্ছে:

ক্রম নং	স্থাপনার বিবরণ	সরকারি মূল্য	দরপত্রের মূল্য (অফেরতযোগ্য)	যে তারিখ পর্যন্ত দরপত্র বিক্রয় করা হবে	দরপত্র দাখিলের তারিখ	মন্তব্য
১।	সিরাজ খান্দো মোমোরিয়াল ক্যান্টনমেন্ট বোর্ড জেনারেল হাসপাতালের অভ্যন্তরে ফার্মেসি-০১টি	১৫,৮৮,০০০/- (পনেরো লক্ষ আশি হাজার) টাকা	২,০০০/- (দুই হাজার) টাকা	০১/০৮/২০২৪ হতে ১৪/০৮/২০২৪ ২০/০৮/২০২৪ হতে ২৮/০৮/২০২৪ ০২/০৯/২০২৪ হতে ১০/০৯/২০২৪ ১২/০৯/২০২৪ হতে ১৯/০৯/২০২৪ ২৪/০৯/২০২৪ হতে ২৯/০৯/২০২৪	১৮/০৮/২০২৪ ২৯/০৮/২০২৪ ১১/০৯/২০২৪ ২২/০৯/২০২৪ ৩০/০৯/২০২৪	

শর্তাবলী

- ১। দরপত্র সিডিউসমূহ ক্যান্টনমেন্ট বোর্ড, ঢাকা ক্যান্টনমেন্ট হতে অফিস চলাকালীন সময় পর্যন্ত (সরকারি ছুটির দিন ব্যতিত) ক্রয় করা যাবে।
- ২। ক্যান্টনমেন্ট বোর্ড, ঢাকা সেনানিবাসে প্রতিটি ধার্য তারিখে বেলা ১২.০০ ঘটিকা পর্যন্ত দরপত্র গ্রহণ করা হবে এবং ইমিন্টই বেলা ১২.৩০ ঘটিকায় দরপত্র বাস্তব করা হবে। দরপত্র বাস্তব করার সময় দরদাতাগণ উপস্থিত থাকতে পারবেন। এক নফায়/পর্বে বিক্রয়কৃত দরপত্র অন্য পর্বে আহ্বানকৃত দরপত্র হিসেবে ব্যবহার করা যাবে না। দরপত্র দাখিলের তারিখে সরকারি ছুটি হলে পরবর্তী কার্যদিবসে দরপত্র দাখিলের জন্য নির্ধারিত হবে।
- ৩। ঘামের উপর দরপত্রদাতার নাম, ঠিকানা (মোবাইল নম্বরসহ) ও স্থাপনার নাম উল্লেখ করতে হবে।
- ৪। দাখিলকৃত প্রদত্ত দরের ৫০% অর্থ 'ক্যান্টনমেন্ট এক্সিকিউটিভ অফিসার, ঢাকা ক্যান্টনমেন্ট' এর অনুমোদিত পে-অর্ডার/ব্যাংক ড্রাফট এর মাধ্যমে দরপত্র সিডিউলের সাথে জমা করতে হবে। কোনক্রমেই চেক গ্রহণযোগ্য নয়। অবশিষ্ট টাকা কার্যদিবে প্রাপ্তির ০৭ (সাত) দিনের মধ্যে জমা করতে হবে। উল্লেখ্য, শুধুমাত্র অনুমোদিত সর্বোচ্চ দরদাতার পে-অর্ডারটি জমা রাখা হবে এবং অন্যদের পে-অর্ডার ফেরত প্রদান করা হবে।
- ৫। দরপত্র সিডিউলে দাখিলকৃত দর কোনক্রমেই সরকারি মূল্যের চেয়ে কম দাখিল করা যাবে না। তাহলে দরপত্র সিডিউল বাতিল বলে গণ্য হবে।
- ৬। সরকারি বিধি মোতাবেক ভ্যাট ও আয়কর পরিশোধ করতে হবে।
- ৭। দরপত্র সিডিউলের সাথে সদ্য তোলা পাসপোর্ট সাইজের ০১ (এক) কপি ছবি, জাতীয় পরিচয়পত্রের ফটোকপি, ড্রাগ লাইসেন্স এর ফটোকপি ও চিআইএন সনদের ফটোকপি অবশ্যই দাখিল করতে হবে। অন্যথায়, দাখিলকৃত দরপত্র বাতিল বলে গণ্য হবে।
- ৮। যে কোন দরপত্র কিংবা সকল দরপত্র কোন কারণ দর্শানো ব্যতিরেকে গ্রহণ/বাতিল করার ক্ষমতা কর্তৃপক্ষ সংরক্ষণ করেন।

মাজহারুল ইসলাম ২৮.০৭.৮৪

ক্যান্টনমেন্ট এক্সিকিউটিভ অফিসার

ঢাকা ক্যান্টনমেন্ট

GD-83

Britain shakes up listing rules to attract investment

REUTERS, London

Britain's biggest reform of company listing rules in over three decades takes effect on Monday on the London Stock Exchange, a measure intended to help it compete more effectively with New York and the European Union after Brexit.

The reforms, part of government efforts to attract more private investment into the British economy, have divided opinion.

Shareholders say their rights will be eroded, but supporters say the reform aligns Britain with practices elsewhere and will make London cheaper and more competitive for companies to raise cash and allow bigger risk appetite to boost growth.

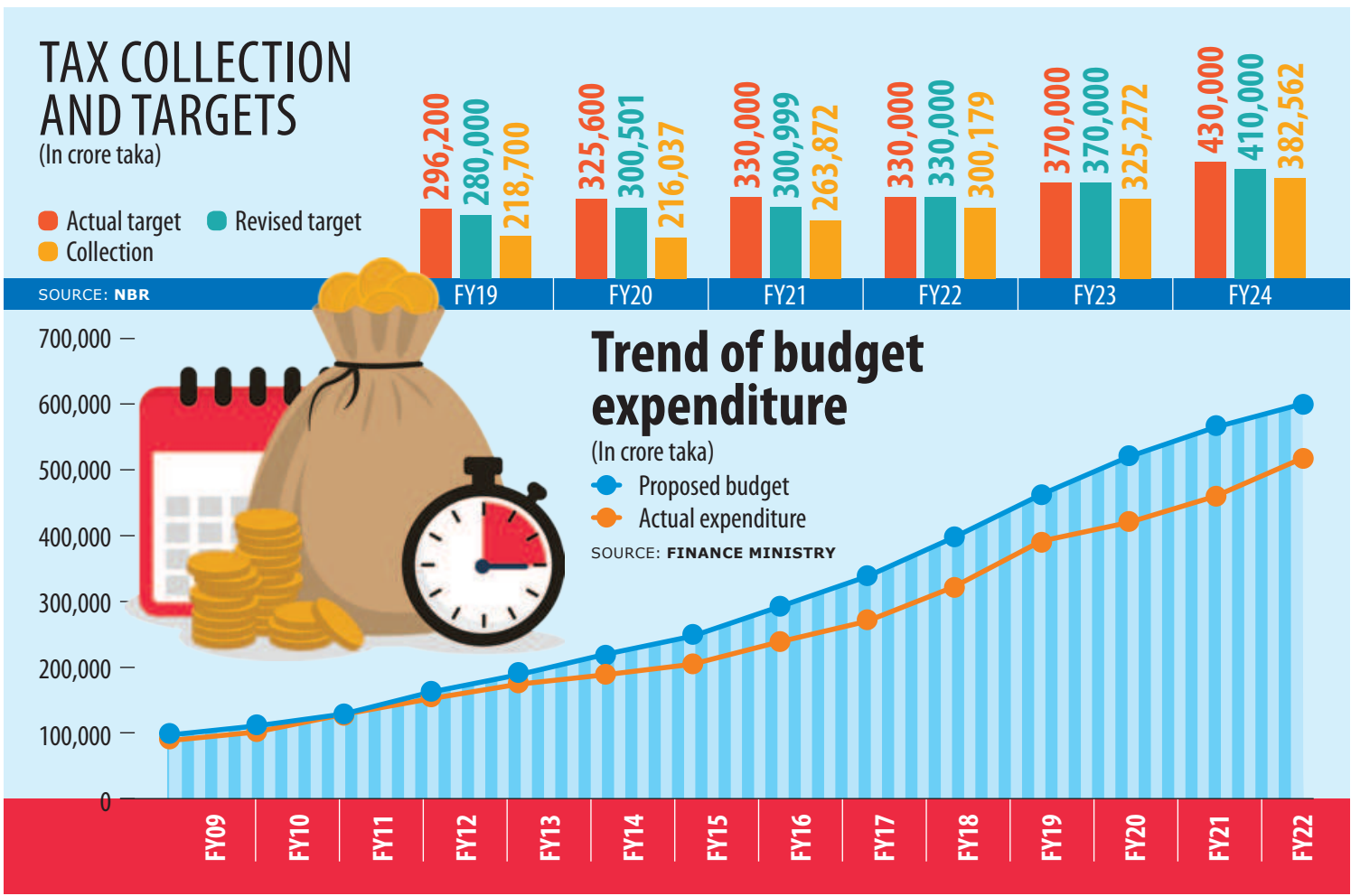
Here are some details of the new rules from the Financial Conduct Authority (FCA):

The existing standard and more onerous premium listing requirements will be scrapped and replaced with a single commercial companies category that has more flexible eligibility conditions, and less onerous ongoing requirements.

Companies wanting to list will no longer have to provide three years of historical financial data or a clean 12-month working capital statement. It means smaller growth companies can list at an earlier stage.

The rules signal a fundamental shift to a more disclosure-based system to cut red tape for companies. Companies listed under the commercial companies category will no longer have to hold a shareholder vote on what are known as significant related party transactions. They will still need shareholder backing for a reverse takeover transaction, share buy-backs or cancellation of a listing.

Companies will also still have to apply Britain's corporate governance code, meaning they have to say if they comply with best practice or explain why they do not.



Govt overestimating revenue and budget targets for 11 years

MD ASADUZ ZAMAN

The government has been overestimating its annual revenue collection targets and associated future expenditures over the past 11 years, according to a finance ministry document.

This has been posing many risks to the economy and the management of public resources, according to experts.

The revelation came in the finance ministry's medium-term macroeconomic policy statement for fiscal years (FY) 2024-25 to 2026-27, which was made public when the national budget was proposed in June.

It included a fiscal statement (FRS), incorporated for the first time under the guidance of the International Monetary Fund. "The risk associated with this pattern of estimation is that if the line ministries implement their budget allocations fully and revenue authority fails to achieve their target, then there will be an abrupt escalation of unplanned budget deficit," said the FRS.

Between FY13 and FY23, the average revenue collection and expenditure forecast error has been found to be 2.4 percent of the gross domestic product, said the document.

In tune with this, the National Board of Revenue (NBR) in FY24 missed its tax revenue collection target for the 12th consecutive year.

The tax administrator logged Tk 382,562 crore in overall receipts, falling Tk 27,438 crore short of the revised target.

Revenue collection and expenditure

targets are proposed in budgets at the start of the year and revised after around six months.

Government expenditure is comprised of an operating budget and a development budget.

In the case of the latter, meaning the annual development programme, the ministries and divisions were able to spend around 90 percent of their revised allocations in the last 11 years.

If the initial allocation is taken into consideration, the implementation rate stands at nearly 80 percent.

The medium-term macroeconomic policy statement usually generates forecasts for three successive years from the current budget year.

The forecasts have often been observed to have been significantly different from the actual outcomes. Such deviations have profound impacts on the budget allocations.

For example, if the expenditure forecast is optimistic, it may result in excess borrowing for the financing of the budget deficit.

Towfiqul Islam Khan, an economist and senior research fellow at the Centre for Policy Dialogue (CPD), said the government has not been considering on the ground realities when setting revenue targets for the last 10 to 15 years.

"The frequent failures in meeting the revenue targets spoil the credibility of the fiscal framework," he said, adding that the expenditure side also suffers for it.

"If the government's revenue target remains 'artificial', then the government

faces a fiscal pressure to meet the budget deficit, that leads to borrowing or printing of money," said Ashikur Rahman, principal economist of the Policy Research Institute (PRI) of Bangladesh.

"If we want to ensure effective macroeconomic management, this estimation must not have a very high margin of error," he said.

"The government should be more careful with data governance and set realistic targets. We have to become vigilant to set our revenue and expenditure targets," he suggested.

In this regard, he also cited the example of a recent export data mismatch.

Bangladesh Bank recently corrected anomalies in export figures, revising down actual exports in the July-April period of fiscal 2023-24 by nearly \$14 billion compared to data the Export Promotion Bureau had published earlier.

The government can neither fully spend its development allocations nor reach revenue collection targets, said Khan of the CPD.

"When you come to accept that the revenue collection target will inevitably remain unachieved, you don't have the moral and professional grounds to hold anyone accountable," he said.

"It's kind of like cheating with oneself. It's not good from the accountability and transparency standpoints," he added.

Ultimately, this kind of overestimations create various risks for the country's institutions alongside of a budget deficit, he said.

Mutual Trust Bank's Q2 profit falls 9%

STAR BUSINESS REPORT

Mutual Trust Bank (MTB) has posted a net profit of Tk 37.13 crore in the April-June quarter of 2024.

This was a decline of 8.77 percent from the Tk 40.70 crore it earned in net profits in the same period last year.

As a result, earnings per share for the quarter fell to Tk 0.38, compared to Tk 0.41 a year earlier, according to the bank's financial statements.

However, for the first half of the year, the MTB's profit was up 5.3 percent to Tk 113.62 crore from Tk 107.87 crore in the corresponding period of the previous year.

Similarly, the bank's net operating cash flow per share for January to June increased significantly to Tk 21.91 from Tk 13.22.

Incorporated in 1999, the MTB operates across the country through 119 branches, 33 sub-branches, 200 agent banking centres, 18 kiosks, and 310 ATMs, which include 6 CRM booths, according to its website.

The bank also maintains four air lounges and 3,220 point-of-sale (POS) machines in key commercial, urban, and rural locations.

Shares of the MTB declined by 2.38 percent to Tk 12.37 on the Dhaka Stock Exchange yesterday.

DBH Finance's profit down 18% in first half

STAR BUSINESS REPORT

DBH Finance PLC, one of the leading listed non-bank financial institutions (NBFIs) in Bangladesh, witnessed a year-on-year drop in profits of about 18 percent in the first half of 2024.

The NBFI reasoned that it had to keep a large amount in provisioning against its share market investments.

The profit in the January-June period of 2024 amounted to Tk 40 crore, down from Tk 49 crore in the same period the previous year, according to its financial statements.

The profit declined as the floor price was lifted in the stock markets and the lender set aside Tk 13.6 crore in provisioning, which is 14.74 percent of its investments, according to a disclosure on the Dhaka Stock Exchange (DSE) website yesterday.

DBH Finance's net interest income fell 9 percent year-on-year to Tk 81 crore. Its earnings per share stood at Tk 2.05 in the first six months of 2024.

The Bangladesh Securities and Exchange Commission set the floor price of every stock at the end of July 2022 to halt the free fall of the market indices amid global economic uncertainties.

The floor prices were lifted last January, resulting in the DSEX, the benchmark index of the DSE, dropping over 1,000 points till June.

A low-growth world is an unequal, unstable world



KRISTALINA GEORGIEVA

The global economy is stuck in low gear, which could deal a major blow to the fight against poverty and inequality.

Group of Twenty finance ministers and central bank governors gathering this week in Rio de Janeiro face a sobering outlook. As the IMF's latest World Economic Outlook update shows, global growth is expected to reach 3.2 percent this year and 3.3 percent in 2025, well below the 3.8 percent average from the turn of the century until the pandemic. Meanwhile, our medium-term growth projections continue to languish at their lowest in decades.

To be sure, the global economy has shown encouraging resilience to a succession of shocks. The world didn't slip into recession, as some predicted when central banks around the world raised interest rates to contain inflation.

Yet, as we move beyond the crisis years of the pandemic, we need to prevent the world from falling into a prolonged period of anemic growth that entrenches poverty and inequality.

The pandemic already set back the fight. Extreme poverty increased after decades of decline, while global hunger surged and the long-term decline in inequality across countries stalled.

New IMF analysis suggests periods of stagnation lasting four years

or more tend to push up income inequality within countries by almost 20 percent—considerably higher than the increase due to outright recession.

During periods of stagnation, sluggish job creation and wage growth increase structural unemployment and reduce the share of a country's income flowing to workers. Together with limited fiscal space, these forces tend to widen the gap between those at the top and bottom of the income ladder.

In other words, the longer we're stuck in a world of low growth, the more unequal that world would become. That in itself would be a setback to the progress we've made in recent decades. And as we have seen, rising inequality can foster discontent with economic integration and technological advancements.

It is therefore timely that Brazil has made fighting inequality, poverty and hunger a priority of its G20 presidency. With the right policies, we can still escape a low-growth, rising inequality trap, while working to reduce poverty and hunger. Let me highlight three priority policy areas.

GEARING UP INCLUSIVE GROWTH

First, we need to address the underlying problem of slow growth. Most of the decline in growth in recent decades has been driven by a slump in productivity. A big reason for the slump is that labor and capital aren't flowing to the most dynamic firms.

But a smart mix of reforms could jumpstart medium-term growth. Measures to promote competition and improve access to finance could get resources flowing more efficiently, boosting productivity. Meanwhile, bringing more people into the labor force, such as women, could counter the drag on growth from aging populations.

We must also not forget the role that open trade has played as an

engine of growth and jobs. In the last 40 years, real income per capita has doubled globally, while more than a billion emerged from extreme poverty. Over that same period, trade as a share of gross domestic product increased by half. It's true that not everyone benefited from trade, which is why we must do more to ensure the gains are shared fairly. But to close off our economies would be a mistake.

MAKING FISCAL POLICIES PEOPLE-FOCUSED

Second, we must do more to ensure that fiscal policies support the most vulnerable members of society.

The challenge is that many economies are facing severe fiscal pressures. In developing countries, debt-servicing costs are taking up a

bigger share of tax revenue at a time when they are tackling a growing list of spending demands, from investments in infrastructure to the cost of adapting to climate change. A gradual and people-focused fiscal effort can alleviate fiscal risks while limiting any negative impact on growth and inequality, including by raising revenue, improving governance, and protecting social programs.

There is much scope for developing countries to raise more revenue through tax reforms—as much as 9 percent of GDP, according to our research.

Yet it is crucial to take a progressive approach, which means making sure those who can afford to pay more

taxes contribute their fair share. Taxing capital income and property, for example, offer a relatively progressive way to raise more tax revenue.

Regardless of the strategy, people need to have confidence that the taxes they pay will be used to deliver public services—not enrich those in power. Governance improvements, such as to increase transparency and reduce corruption, must also be part of the equation.

At the same time, social spending programs can make a big difference to inequality, including through school meals, unemployment insurance, and pensions. These should be protected. Well-targeted cash-transfer programs—such as

Brazil's Bolsa Familia—can support the vulnerable.

Our research shows that strong redistributive policies in a growing G20 economy—such as social-spending programs and public investment in education—can reduce inequality between 1.5 and 5 times more than weaker policies.

STRENGTHENING THE GLOBAL BACKSTOP

Finally, we need a strong global financial safety net for countries that need support. With that goal in mind, the IMF is working on a package of reforms to our lending framework.

To continue to serve the needs of our most vulnerable members, we are reviewing our concessional lending instrument for low-income countries, the Poverty Reduction and Growth Trust. With demand expected to exceed pre-pandemic levels, it is vital that our membership comes together to ensure the PRGT is adequately resourced and its long-term finances are put on a sustainable footing.

We are also taking a close look at our surcharge policy for the first time in nearly a decade. The review aims to ensure we can continue to provide financing at affordable rates to members who need our support.

Last year our members gave us a strong vote of confidence by agreeing to increase our permanent quota resources, allowing us to maintain our lending capacity. I am counting on G20 members to now ratify the increase.

One of the lessons of recent history has been that we must not ignore those left behind by economic and technological progress—be they individuals within a country, or entire nations struggling to close the gap. But with the right policies, and by working together, we can build a prosperous and equitable world for all.

The writer is the managing director of the International Monetary Fund.



PHOTO: SHEIKH NASTIR

Sluggish economic activities globally could deal a major blow to the fight against poverty and inequality, says an expert.