

# Star BUSINESS

Three firms in the Bepza economic zone inside Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram have started operations and exports.



Story on B4

## Govt to form banking commission soon

Will present roadmap for reforms within 100 days of the govt; band of crawling peg widened

### STAR BUSINESS REPORT

The interim government will soon form a banking commission, a longstanding demand from economists, to bring about reforms aimed at salvaging the financial sector, which has been suffering from high default loans and weak governance.

Besides, a paper on the overall situation of the financial sector and a roadmap for the reforms will be published within the first 100 days of the interim government's tenure, according to a statement from the chief adviser's office yesterday.

The disclosure came following a meeting between the interim government's Chief Adviser Prof Muhammad Yunus and recently appointed Bangladesh Bank (BB) Governor Ahsan H Mansur.

The Centre for Policy Dialogue (CPD) has long been suggesting that the government form a banking commission in view of the deteriorating condition of the sector, which has been plagued by loan scandals, an increasing burden of toxic loans, and political and vested interests.

Last week, the CPD said public trust in the banking sector had been eroded due to the continuous deterioration of the sector's health and inadequate measures

### BAND FOR CRAWLING PEG WIDENS

To increase the flow of foreign exchange, a decision has been taken to increase the band of the crawling peg, which allows fluctuations of the exchange rate within a predefined range, to 2.5 percent from 1 percent.

The revision comes more than three months after the BB first introduced the crawling peg, moving away from administered rates of US dollars in its bid to allow demand and supply to determine the exchange rate gradually.

"It is expected the liquidity flow in the interbank foreign exchange market will increase and the volume of foreign exchange will rise soon," said the statement.

Yesterday, the volume of transactions in the interbank foreign market stood at \$14.7 million, according to the BB.

The central bank introduced a crawling peg mid-rate of Tk 117 in May this year by allowing over 6.3 percent depreciation of the taka, which has significantly lost value in the last two and a half years amid falling foreign exchange reserves.

Bangladesh had \$48 billion in its forex reserves at the end of August 2021 but that came down significantly to \$25.92 billion at the end of July this year.

### AT A GLANCE



The company was formed in 2021



It sells eight types of insurance products



At the end of April 2024, the company had 27,387 policyholders



The number of policy discontinuance is increasing



The overall financial condition of the company is precarious and it is on the verge of bankruptcy

The regulator said in a report

### IRREGULARITIES

The insurer spent far more than permissible limits for management expenses

It showed extravagance in car purchases

It also spent excessively on travel, conferences and seminars

The company resorted to irregularities in fixing permissible limits of management expenses

It could not submit any proof that it had invested money in life fund

It has expanded branches to 85, but the regulator terms it as an 'immature decision'

### PREMIUM COLLECTION

The life insurer collected Tk 81.51cr in premiums from policyholders until 2023

But most of the fund has been spent and no investment was made

Its life fund has now only Tk 1.20cr

## NRB Islamic Life Insurance A cautionary tale

### SUKANTA HALDER

NRB Islamic Life Insurance has been mired in irregularities within just three years of its inception. The insurer has spent far more than the permissible limits for management expenses and showed extravagance in car purchases since being formed in 2021.

The company also spent excessively on travel, conferences and seminars. As a result, the insurer's financial condition is nearing the point of no return.

Besides, the company has resorted to irregularities in fixing the permissible limit of management expenses.

Kibria Golam Mohamad, the chairman of NRB Islamic Life Insurance Limited, is also the founder of the Bangladesh Awami League, Italy and founder organising secretary of the All European Awami League.

As per a probe by the regulator, in 2021 to 2023 the company exceeded the sanctioned limit of management expense of Tk 21.17 crore, which is 1.48 times more than the permissible limit.

The life insurer collected Tk 81.51 crore in premiums from policyholders by the end of 2023, but its life fund showed only Tk 1.20 crore, according to a report by the Insurance Development and Regulatory Authority (IDRA) dated June 3.

"The company could not submit any proof that it had invested money in the life fund," it said.

A life fund is an amount of money that is paid to and invested by insurance companies

for life insurance, and from which money is paid when someone dies.

"The overall financial condition of the company is precarious, and it is on the verge of bankruptcy," the regulator said in its report.

To overcome this situation, the company's board of directors will have to inject about Tk 24 crore urgently and compulsorily, the report mentioned.

The company's paid-up capital is Tk 18

### HOW THE IRREGULARITIES CAME TO LIGHT

A senior official of the IDRA told The Daily Star that the issue came to light while the regulator was conducting a fit and proper test after the company sent a proposal to renew the appointment of its chief executive officer.

The regulator sought various information to review the company's past business success and existing financial condition, including information on its paid-up capital, premium income, assets, investments and policy renewal rates.

"After analysing the information provided by the company, we found several irregularities," the official said, adding that the company spent policyholders' money arbitrarily and in breach of the law.

The IDRA said the company will have to pay Tk 34 crore in 2024-25 and 2028 to settle the claims of a scheme termed single premium policy. NRB Life Insurance will have to have an investment of Tk 23 crore to clear the claims, it added.

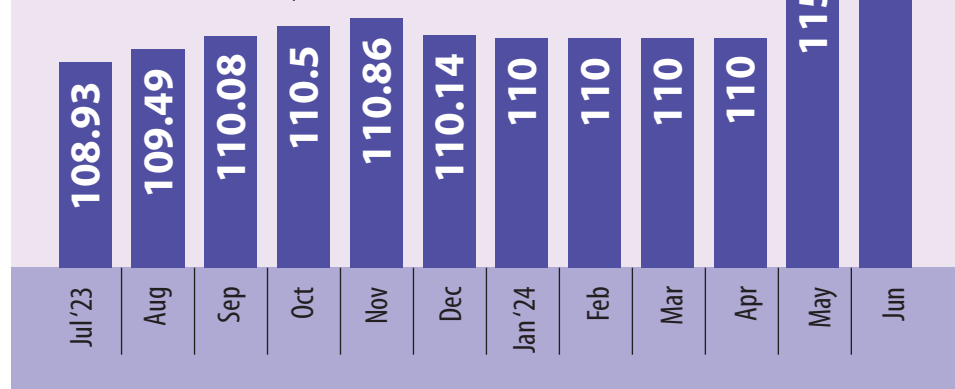
In addition, there should be more money invested to settle the claims of policies against its 'Double Payment Single Premium Plan,' for the period of 10 years, 12 and 15 years, said the regulator.

The IDRA said the company does not have any investment other than Tk 15.59 crore. If the money is considered as investment from the paid-up capital, no investment could be found out of Tk 82 crore collected as premium.

READ MORE ON B2

### MONTHLY AVERAGE EXCHANGE RATE

Value of US dollar in taka; SOURCE: BB



taken by the policymakers of the former government.

"A goal-specific, time-bound, transparent, unbiased, inclusive, and independent banking commission should be formed to bring transparency to the prevailing situation and identify the root causes of the manifest problems and suggest credible measures for improving the situation sustainably," it said.

The CPD added that sporadic measures had proved unsuccessful as the nature and depth of the problem require comprehensive due diligence and structural reforms.

In the face of these demands, the previous Awami League government, which was toppled by a mass uprising on August 5, announced its intention to establish a banking commission.

But those promises never materialised.

It was also agreed at the meeting that the contractionary monetary policy stance would be maintained to bring down inflation, which hit 11.66 percent in July, the highest in 13 years.

READ MORE ON B3

## Maqsood gets top job at BSEC

### STAR BUSINESS REPORT

The interim government has appointed Khondoker Rashed Maqsood as the chairman of the Bangladesh Securities and Exchange Commission (BSEC) for four years, according to a notice issued by the finance ministry yesterday.

His appointment comes a day after M Masrur Reaz, an economist, declined to join the BSEC as its chief. The government had appointed Reaz on August 13.

The post has been vacant since former chairman Shibli Rubayat-Ul Islam resigned on August 11 after the fall of the Sheikh Hasina-led Awami League government.

Maqsood has been working for the International Finance Corporation as an adviser for strategy and business development.

He was previously managing director and CEO of Standard Bank and NRB Commercial Bank. He was also the country officer of Citibank NA Bangladesh and managing director of Citibank Indonesia.



Khondoker Rashed Maqsood

## CPD calls for phasing out inefficient power plants

### STAFF CORRESPONDENT

The Centre for Policy Dialogue yesterday urged the interim government to phase out all inefficient power plants as early as possible.

During a media briefing, titled "Power and Energy Sector Reform Agenda for the Interim Government", at its office, the CPD outlined a comprehensive operational reform strategy for the power sector.

The think-tank asked the government to revise power purchase contracts and incorporate the "no electricity no pay" clause to lessen the burden of capacity payments.

"The government paid a total of around Tk 105,000 crore in the last 14 years as capacity payments to power plant owners up to August 2023," said Khondaker Golam Moazzem, research director at the CPD.

He provided a list of 28 inefficient power plants -- which have a total capacity of 3,655 MW -- based on net electricity generation, generation cost and carbon dioxide emissions, which can be phased out after their contracts end by 2030.

Most of them are quick rental power plants that the previous government

### TOP INEFFICIENT POWER PLANTS

Names	Capacity (MW)	CO2 emission (In ton/year)
EGCB Ltd	412	1,021,167
Dutch Bangla Power & Associates	100	122,233
Paramount BTrac Energy - Sirajganj	200	79,379
Ashuganj Power Co - North	450	1,039,656
Summit Power Co - Madanganj	102	82,983
APR Energy	300	196,962
Summit Meghnaghat Power	337	1,157,265
Aggreko Energy Solution - Brahmanaganj	100	91,459
Shahjibazar Power Co	86	319,445
Khulna Power-2	115	81,541

promised to phase out. But it failed to do so.

All 16 quick rental power plants were supposed to be phased out by 2023, but as many as 13 are still operational. Of them, two have been getting capacity payment facilities and 11 are operating under the 'no electricity no pay' provision, Moazzem said.

According to the CPD, there is an over-generation capacity of 41 percent

at present, significantly higher than the maximum required reserve margin of 30 percent.

"There is a scope to reduce the capacity of 6,677MW without having any major adverse effect on the electricity supply in the country," Moazzem said, adding the previous government did not maintain the retirement schedule of power plants.

READ MORE ON B3

## Sonali Bank asked to show Orion's loan as defaulted

### MD MEHEDI HASAN

The Bangladesh Bank instructed state-run Sonali Bank to classify the Tk 106 crore loans taken by Orion Infrastructure Ltd as defaulted since the client repeatedly failed to repay on time.

The state-run bank was also asked to properly classify the loans by August 22 and report it to the Credit Information Bureau.

"We already requested the client to repay the loans immediately. If they fail, then we will classify it as a bad loan and inform the central bank," Md Afzal Karim, managing director of Sonali Bank, told The Daily Star yesterday.

A central bank document showed that Orion Infrastructure's outstanding loans were classifiable under the bad and loss category till December last year.

The company failed to repay four instalments till then. However, the loans of the company were kept unclassified upon special approval from the central bank. The central bank last year said Sonali Bank could keep the loans unclassified under the condition that the unpaid instalments would be cleared within May 2024.

Afterwards, a central bank inspection found that the client repaid only Tk 2 crore in cash and provided 15 cheques to repay over Tk 15 crore until July 11.

As a result, the bank showed the loans as unclassified as of June 30.

However, those cheques are yet to be encashed, so there is no scope to show the loans as unclassified, according to central bank instructions.

READ MORE ON B3

## Malaysia economy grows at fastest pace in 18 months

REUTERS, Kuala Lumpur

Malaysia's economy expanded at its fastest rate in 18 months in the second quarter helped by stronger household spending, exports and investment, with the central bank forecasting full-year growth to come in near the upper end of its forecast range.

Gross domestic product grew 5.9 percent in the April-to-June period, data showed on Friday, accelerating from 4.2 percent in the first quarter and surpassing analysts' and early government estimates for a 5.8 percent rise.

Growth in the period was the quickest since the fourth quarter of 2022, when the economy expanded 7.4 percent.

On a quarter-on-quarter seasonally adjusted basis, GDP rose 2.9 percent, compared with a 1.5 percent rise in the January-to-March period, data from Bank Negara Malaysia (BNM) and the Statistics Department showed.

Full-year 2024 growth was expected to come in at the upper end of the central bank's forecast of 4 percent to 5 percent, driven by stronger domestic and external demand, BNM Governor Abdul Rasheed Ghaffour said.

"Household spending will remain the anchor of growth for the rest of this year, with continued expansion in employment and income as well as larger policy support and...strong investment activities," he said.

# Citizens Bank, OneWorld InfoTech sign deal on security operation centre



PHOTO: CITIZENS BANK

**Mohammad Masoom, managing director and CEO of Citizens Bank, and Maruf Ahmed, global director and CEO of OneWorld InfoTech, shake hands and exchange signed documents of an agreement at the bank's head office in Dhaka recently.**

STAR BUSINESS DESK

Citizens Bank recently signed an agreement with OneWorld InfoTech, a global IT solution and services provider, for the implementation of a Security Operation Centre (SOC).

Mohammad Masoom, managing director and CEO of the bank, and Maruf Ahmed, global director and CEO of the solution provider, penned the deal at the bank's head office in Dhaka, the bank said in a press release.

Mohammad Saiful Islam, chief

financial officer and head of human resources division of the bank, Mohammad Tawhid Hossain, head of cyber security and management information system division, and senior officials from both organisations were also present.

## Southeast Bank organises business review meeting

STAR BUSINESS DESK

Southeast Bank recently organised its monthly "Business Review Meeting 2024". Nuruddin Md Sadeque Hossain, managing director of the bank, presided over the meeting at the bank's head office in Dhaka, according to a press release.

The bank's recent business performance was reviewed, with a strong emphasis on leveraging the latest technology to deliver innovative financial services and enhance customer satisfaction.

The discussion highlighted several key areas, including extending banking services to underprivileged communities at the grassroots level, providing SME loans on favorable terms to promising entrepreneurs, and delivering modern banking solutions to retail customers while ensuring full compliance with regulatory requirements.

Senior executives from the head office, heads of branches, operations managers of branches, and in-charges of sub-branches and offshore banking units joined the



PHOTO: SOUTHEAST BANK

**Nuruddin Md Sadeque Hossain, managing director of Southeast Bank, presides over the bank's "Business Review Meeting-2024" at the bank's head office in Dhaka recently.**

meeting. Branch managers were also advised to reassure customers to dismiss any rumours and to rely exclusively on official communications from the Bangladesh Bank for accurate information.

The bank's continued growth in deposits and foreign trade reflects the strong confidence customers have in Southeast Bank, a trend that is expected to persist in the future.

As a symbol of customer confidence, Southeast Bank has upheld its reputation as a leading local bank for 29 years, consistently maintaining top liquidity indices in both local and foreign currencies.

## Al-Arafah Islami Bank gets new chairman

STAR BUSINESS DESK



Salim Rahman was elected as the chairman of Al-Arafah Islami Bank in the bank's 403rd meeting of the board of directors in Dhaka yesterday.

Rahman had been serving the bank as a director for 24 years, the bank said in a press release. Currently, he is the

managing director of KDS Group.

The group consists of KDS Garments Industries, KDS Accessories, KDS Apparels, KDS Logistics, KDS IDR, KDS Textiles, KYGR Coil Industries, Steel Accessories and KDS Poly Industries.

## Hyundai unveils EV plans in Thailand

ANN/THE NATION

South Korean auto giant Hyundai Motor has announced plans to invest 1 billion baht to manufacture electric vehicles under the Ioniq brand in Thailand, following investment promotion approval by the Board of Investment.

Production is set to start in early 2026, with Thonburi Automotive Assembly, a long-time partner, handling assembly.

Hyundai Mobility Manufacturing (Thailand) Co Ltd said the investment would be used to establish EV and battery production facilities in Thailand, in line with the Thai government's EV3.5 policy supporting the EV industry.

Jae Gyou Chung, the CEO of Hyundai Mobility Manufacturing (Thailand), said that Thailand had been designated as a strategic location for Hyundai in ASEAN.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (AUG 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 80	2.86 ↑	7.46 ↑
Coarse rice (kg)	Tk 52-Tk 55	2.88 ↑	9.18 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-16.67 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 152	-1.00 ↓	-5.71 ↓
Potato (kg)	Tk 50-Tk 55	-8.70 ↓	38.16 ↑
Onion (kg)	Tk 110-Tk 120	0	58.62 ↑
Egg (4 pcs)	Tk 48-Tk 50	2.08 ↑	-9.26 ↓

SOURCE: TCB

## NRB Islamic Life Insurance

FROM PAGE B1

And, if the investment is considered as the investment of premium income of life fund, no investment from paid up capital exists, it added.

**NRB'S 'UNPRECEDENTED' 85 BRANCHES, INCLUDING IN NAPLES AND ROME**

The insurer was registered on May 6, 2021 as a full-fledged Islamic life insurance company.

In three years, it has expanded to 85 branches, according to the regulator report, which termed the expansion as "unprecedented". Of them, two branches are located in Rome and Naples, making NRB Islamic Life Insurance the only local insurer that has branches outside the country, said a senior official of the IDRA.

"It is unprecedented for a new company to have 85 branches. This will increase the company's operating expenses," the IDRA report mentioned.

**HOW THE COMPANY WENT INTO THE RED**

NRB Islamic Life between 2021 and 2023 purchased 36 Proton cars ignoring the regulator's directive that it could buy a maximum of six vehicles.

In the case of a new company, such an investment creates a serious obstacle to the emergence of the company, it said in the report.

Furthermore, as a result of these decisions, the company's operating expenses increased at an alarming rate, it added.

A new car can be run for 10 years effortlessly, but the company is depreciating the assets at 20 percent per annum. So, the book value of the car will be zero in 5 years, the IDRA stated in the report.

"The result is that if depreciation of cars purchased in 2021 is excluded, the book value of the cars will come to zero value in 2025 or 2026 and they can be sold in the market."

Alongside that, the company incurred unnecessary expenses for

travel, conferences and seminars.

The total expenses in these areas amounted to about Tk 5.43 crore, the report said.

"A new company spent Tk 3 crore on seminars and Tk 2.43 crore on travel, which is nothing more than enjoying the money of policyholders. There is a huge scope for embezzlement of funds in this process," the IDRA report stated.

**REGULATOR INITIALLY TOOK SOFT STEPS**

The IDRA could have suspended or cancelled the company's registration for acting against the interests of the policyholders and the company's business development, according to the insurance law 2010.

Besides, if the regulator suspects that an insurer is acting against the interests of policyholders or failing to fulfill the solvency margin requirements, the IDRA may, after giving an opportunity for the insurer to be heard, suspend the board of directors and appoint an administrator to manage the affairs of the insurer, it said.

However, instead of taking such a concrete action, the regulator recently rejected NRB Islamic Life's proposed re-appointment of Shah Jamal Howlader as its chief executive officer.

"The company's proposed CEO has acted against the interests of the company and policyholders in his last tenure," according to a letter sent from the IDRA to the company.

Howlader is also accused of misleading regulators by providing incorrect information in a report sent to the IDRA, it said.

In the face of these accusations, Howlader opted to stand his ground by getting legal approval to stay on as the insurer's CEO for now.

The Daily Star attempted to contact both Kibria and Howlader through email and phone calls on July 8, but they did not respond until the report was filed.

**WHO IS KIBRIA?**

Kibria Golam Mohamad is the

founding chairman of NRB Islamic Life Insurance Limited.

After earning a law degree from the University of Dhaka, he established nine business institutions in Rome.

He also received an honorary certificate from the government of Italy for being one of the highest taxpayers from 1998 to 2011.

Other than his business interests, he is also the founder of the Bangladesh Association of Italy.

The Daily Star repeatedly tried to contact Kibria and Rahman for comment, but they did not respond to calls or messages. They were also e-mailed. However, no response was received.

**NRB Islamic Life purchased 36 Proton cars between 2021 and 2023 ignoring the regulator's directive that it could buy a maximum of six vehicles**

Zahangir Alam, spokesperson of the IDRA, told The Daily Star that the regulator was reviewing the company's analytical report on the overall matter.

An explanation for these irregularities has been sought from the company's board, that is why a letter was sent to the company on July 4 highlighting the contexts of irregularities, he said.

An official of the insurer said that the company had sought more time from the regulator to respond to its letter. He hoped a response could be sent by the end of this month.

**POLICY DISCONTINUATION INCREASING**

The number of policy discontinuances in the company is also increasing.

In 2022, 41 percent of the company's total policies were discontinued and that increased to 43 percent in 2023, according to the IDRA report.

## Indonesia, Chinese firms

FROM PAGE B4

Indonesian market — and similar vehicles from Japan, South Korea, the United States and the United Kingdom.

Wuling and other Chinese brands also attracted a lot of interest at the Gaikindo Indonesia International Auto Show, which ran from July 18 to 28 in Jakarta. The event — the largest auto show in Indonesia and one of the biggest in Southeast Asia — was organized by the Association of Indonesian Automotive Industries.

Since 2017, over 150,000 vehicles from Wuling have been sold in Indonesia, said Wang Weisen, deputy general manager of SGMW Motor Indonesia, or Wuling Motors.

The Wuling BinguoEV is the second EV model Wuling introduced in Indonesia, following the Airev, which was launched in 2022.

In 2023, Airev and BinguoEV sold more than 10,000 units, making them the two bestselling new EVs in Indonesia and securing the company the top spot in the market, with a 50 percent share. In May, Wuling's latest model, the CloudEV, which has a more spacious cabin, was launched to meet the different needs of drivers.

"Between January and June 2024, Wuling accounted for 68.4 percent of the new energy vehicle market in Indonesia," Wang said.

Rubby Lie, branch head of Prima Wahana Auto Mobil, Wuling's largest authorized dealership in Indonesia, attributed the popularity of Chinese cars to rising awareness about the need to reduce carbon emissions to combat climate change.

A 2023 survey by consulting firm PwC estimated that Indonesia's EV market will exceed \$20 billion by 2030 due to consumer awareness of eco-friendly vehicles and government incentives.

"Electric cars will continue to enter Indonesia. Using them is now becoming a trend in Indonesia," Lie told China Daily. He said the presence of China's BYD and other renowned brands in Indonesia is attracting more local buyers.

In May, Indonesian Transportation

Minister Budi Karya Sumadi said the number of EVs in Indonesia had reached 33,225 units. The figure was nearly four times the 7,923 EV vehicles sold between January and November 2022, according to the industries association.

Lie said favorable government policies, such as extending fiscal incentives and easing the deadline for manufacturers to fulfill a 40 percent quota of local components for EVs, had encouraged more automakers to build plants in the country.

"Since last year, an increasing number of Chinese EV brands have entered the Indonesian market, which not only provides local consumers with more options, but also supports the development of Indonesia's EV industry," said Garinzafira Shabrina, analysis supervisor of SGMW Motor Indonesia.

Shabrina, who joined Wuling in 2018, said she was a bit nervous at first, as she did not know much about the working style of Chinese companies.

"Now I feel very proud about working at Wuling," said Shabrina, noting the company has more than 130,000 Indonesian customers, and a sales service network of 150 partners.

Arnold, who only shared his given name, has worked at a sales center of a Chinese EV brand in Indonesia for almost a year. Before joining the company, he worked for South Korean carmaker Hyundai.

"I joined the Chinese EV company because I saw more people in Indonesia are buying EVs and the government has provided incentives," said Arnold, adding this will create better work opportunities for him.

The Indonesian government has encouraged stakeholders to accelerate the development of the ecosystem for EVs to boost their investments.

In June, Indonesia's Ministry of Industry reached an agreement with four Chinese EV companies — Wuling, Neta, Chery, and Sokon — to make the Southeast Asian country an export production hub of environmentally friendly vehicles, according to Indonesian national news agency Antara.

## Govt to fight extortion to reduce prices

Salehuddin says

STAR BUSINESS REPORT

The government will take steps against extortion and monopolies to bring down prices of essentials and benefit consumers, said Finance and Commerce Adviser Salehuddin Ahmed yesterday.

"We will stop this," he said when allegations of extortion in the value chain of essential commodities, including perishables, were raised during a meeting with top officials of the commerce ministry.

He said he found out that an item changes hands four times at Dhaka's Karwan Bazar alone and traders are asked to sell the product at specific prices.

In exchange, the trader is given a "commission" or a certain amount of money, Ahmed added.

"I have also come to know that Tk 7,000 is collected from each truck...I have received a lot of complaints," he said.

Ahmed said when one group leaves, another group begins preparations to extort people.

However, he said it was not the responsibility of the commerce and finance ministries to take steps against extortion.



**Matin Mallick harvests string beans which he cultivates, along with other vegetables, utilising the edges of a pond he uses for fish farming. Although around 35 to 40 kilogrammes of string beans can be availed during each harvest, he can sell each kilogramme for just Tk 23 to Tk 25 at wholesale whereas retailers sell it for as much as Tk 50 to Tk 55. The photo was taken near Beel Pabla in Khulna's Dumuria upazila recently.**

PHOTO: HABIBUR RAHMAN

# Calls raised to dissolve boards of Islami, Social Islami banks

STAR BUSINESS REPORT

Three former senior executives of Social Islami Bank PLC yesterday wrote to Bangladesh Bank Governor Ahsan H Mansur, urging him to immediately dissolve the current board of directors of the Shariah based bank.

Likewise, officials of Islami Bank Bangladesh, another Shariah-based bank, submitted a separate letter to the central bank governor yesterday demanding the same.

The three executives of Social Islami Bank are Maj (ret'd) Rezaul Haque, ex-chairman of the board, Md Anisul Haque, former chairman of the executive committee, and Md Angur Rahman, former chairman of the audit committee.

In the letter, they alleged that S Alam Group and its associates, under the direct supervision of a special security force of the former government, took the chairman of the board of directors, chairman of its executive committee, managing director and company

secretary hostage at gunpoint and forced them to resign on October 30, 2017.

Later that same day, Mohammed Saiful Alam, founding chairman and managing director of S Alam Group, and his associates called a board meeting at Westin Dhaka, where they accepted the resignations of the top executives.

However, it did not stop there. Almost all other directors were gradually forced to resign, with S Alam's men taking their places.

Since then, various concerns of the group have illegally taken loans of around Tk 15,000 crore from the bank under the direct supervision of its current board, creating the current crisis at the bank.

Besides, in a clear violation of service rules, the group appointed a huge number of employees who hail from Patiya of Chattogram, the birthplace of S Alam, without checking their qualifications.

The three former executives also claimed that S Alam and his close associates, including son-in-law Belal Ahmed, the current chairman of the

bank's board, went into hiding after the recent political changeover.

However, they are still trying to disburse loans to concerns of S Alam Group, the letter said.

**More than a hundred officials of crisis-hit Islami Bank submitted a letter to the Bangladesh Bank governor seeking the dissolution of their board of directors**

At the time of S Alam's takeover, the bank's total disbursed loans amounted to around Tk 20,000 crore. It has ballooned to about Tk 35,000 crore at present.

With these loans slowly turning sour, the bank is now on the brink of bankruptcy.

Realising the urgency of the situation, the former executives have asked the central bank to take immediate steps

to dissolve the current board and ensure good governance to protect the depositors' money.

Meanwhile, more than a hundred officials of crisis-hit Islami Bank submitted a letter to the Bangladesh Bank governor seeking the dissolution of their board of directors.

In a letter, they cited various media reports about the looting of the bank's funds through conniving board of directors and other dishonest officials.

They added that the reality is worse than what has been reported. It has become difficult for the bank to carry out normal operations in the face of constant looting, the letter stated.

So, the bank's current board of directors should be dissolved to restore it to its former glory, protect the interests of all shareholders, restore investor confidence and resume normal operations.

The officials also demanded to reconstitute the board with honest and knowledgeable people, including former directors if necessary.

## Amnesty for black money should not exist

Says new NBR chairman

STAR BUSINESS REPORT

The scope for whitening black money should not exist at all, Md Abdur Rahman Khan, the newly appointed chairman of the National Board of Revenue (NBR), said yesterday.

The amnesty is undesirable and indecent, he said while speaking to journalists at the NBR headquarters in Dhaka's Agargaon after joining office for the first time.

The provision encourages corruption and disheartens honest taxpayers, he added.

"When I was secretary to the Financial Institutions Division of the finance ministry, I personally opposed the decision. As a citizen of the country, I think this is not a good practice at all," said Khan.

The scope can be scrapped if the interim government wants, he said, adding: "Now, I can't give the final nod."

Despite widespread condemnation from economists, watchdogs, businesspeople and even multiple

lawmakers, the Sheikh Hasina-led government retained the provision allowing individuals and businesses to whiten black money without scrutiny by paying a 15 percent tax for the current fiscal year.

Khan vowed to take steps against all those involved in money laundering and tax evasion, irrespective of their political influence.

The NBR will form three task forces to review existing laws and make them business-friendly, he said. He emphasised that it did not matter who the culprits were.

"The Bangladesh Financial Intelligence Unit is already working on identifying these criminals, and we will not sit idle. The NBR will take strict action on these issues," Khan said.

The root cause of the irregularities on such a large scale was a lack of rule of law, he said, underscoring the importance of preventing any such offence in the future by maintaining vigilance.

The NBR chairman was asked how a former member of the revenue authority, Matiur Rahman, who was embroiled in allegations of corruption in June, rose through the ranks.



STOCKS	
DSEX ▼	CASPI ▼
2.12%	1.85%
5,778.63	16,715.36

COMMODITIES	
Gold ▲	Oil ▼
\$2,508.18 (per ounce)	\$76.96 (per barrel)

## A group of businessmen seeks resignation of CCCI leaders

STAR BUSINESS REPORT

A group of businesspeople staged a demonstration in front of the office of the Chittagong Chamber of Commerce and Industry (CCCI) in Chattogram yesterday calling for the resignation of the members of the chamber's board of directors.

The protesters also demanded simplifying the process for obtaining membership of the chamber.

Rakibul Alam, vice president of the Bangladesh Garment Manufacturers and Exporters Association, told The Daily Star that a syndicate has transformed the Chittagong chamber into a "family-run institution".

Habibur Rahman, secretary to the Bangladesh Reconditioned Vehicles Importers and Dealers

Association, accused certain groups of corrupting the chamber engaging in authoritarianism and nepotism.

"To make the chamber business-friendly, a new management committee should be formed through elections," he said.

SM Nurul Haque, former senior vice president of the chamber, alleged that the current committee was elected through irregularities.

"We want a free and fair election at the chamber through the participation of its genuine members," he said.

Former employees of the chamber also joined the protest, demanding reinstatement to their jobs.

The current president of CCCI is Omar Hazzaz, whose father MA Latif had earlier served in the same

capacity. His younger brother, Omar Muktedir, is one of the 24 directors as well.

Contacted by The Daily Star, Hazzaz said, "We were elected...There is no nepotism here...Businesspeople can protest. We have heard their protest. The matter will be raised in the next board meeting."

He also said the 120-year-old CCCI now has about 8,000 members and "we respect the demands of all members".

After Akhtaruzzaman Chowdhury, his son Saifuzzaman Chowdhury had become the CCCI president, and after Amir Khosru Mahmud Chowdhury, his brother Amir Humayun Chowdhury had become the CCCI president, he said.

"Such a question did not arise then," he said.

## Dollar falls against peers

REUTERS, New York

The dollar fell against the yen on Friday, and was softer against other peers as traders took profits and investors sifted through economic data to gauge the Federal Reserve's appetite for interest-rate cuts.

Disappointing US housing numbers also kept pressure on the greenback, helping it shed some of the lift it got a day earlier from data showing inflation trending down and consumer resilience.

US single-family homebuilding fell in July as higher mortgage rates and house prices kept prospective buyers on the sidelines, suggesting the market remained depressed at the start of the third quarter.

The dollar fell 1.04 percent against the Japanese yen to 147.75, having touched a two-week high of 149.40 in the prior session. Still, the yen looked on course for its biggest weekly decline since June after US economic data eased fears of a recession and supported bets of gradual rate cuts.

"The overall tone in the FX market today is best characterized as 'corrective'. After a big rally on the strong US consumer data yesterday, the U.S. dollar is giving back some of its gains as traders take profits ahead of the weekend," said Matt Weller, head of market research at StoneX.

"The yen is the strongest major currency today - though still the weakest on the week - as traders rein in expectations for interest-rate cuts among other major central banks."

Risk-sensitive currencies such as sterling were firm as the improved economic outlook spurred a rally in equities.

## CPD calls for phasing out

FROM PAGE B1

Despite providing high subsidies and upward tariff revision, the Bangladesh Power Development Board has still been unable to come out of losses.

He added that no further power tariff revision should be made in the name of subsidy adjustments.

"The previous government had drawn up a plan to increase the price of electricity four times a year for the next three years to withdraw all subsidies in the power sector. They raised the price in February, but through such an adjustment, the burden is fully passed to the consumers - households, agriculture, industry, businesses, services and

other economic activities."

The CPD termed the automated fuel pricing formula, launched in March this year, as unclear. "The price calculation mechanism of petroleum is unclear and there are a few hidden charges without any proper justification."

As the procurement process was non-competitive and confidential, fairness could not be ensured regarding issues such as the determination of power purchase rate and capacity payment. It also led to extensions of contracts with inefficient power plants, it said.

So, the CPD asked the government to review the procurement and bidding process of the power plants.

## Sonali Bank asked to show

FROM PAGE B1

It said that the entire loans of the company are classifiable under the bad and loss category as there are outstanding instalments.

Sonali Bank disbursed the loans to Orion Infrastructure for the construction of Mayor Mohammad Hanif Flyover in Dhaka.

Till December last year, the company owed around Tk 30 crore as the principal amount and Tk

75.80 crore as interest, central bank documents showed.

Salman Obaidul Karim, managing director of Orion Group, told The Daily Star yesterday that some adverse business conditions had been created over the past few months, which resulted in the company being unable to pay on time.

"We have not defaulted on any payments yet to the best of my knowledge," he added.

## Govt to form banking commission

FROM PAGE B1

"So, as the band has been increased, transactions will take place legally. This will ultimately increase the confidence of customers," he said.

Rahman added that a roadmap would be helpful for all banks. "It is good to have a task force so long as there is a delineation of the responsibilities of the commission, which should be formed with persons that have credibility."

faced by various banks can be identified, actions can be taken. This will ultimately increase the confidence of customers," he said.

Rahman added that a roadmap would be helpful for all banks. "It is good to have a task force so long as there is a delineation of the responsibilities of the commission, which should be formed with persons that have credibility."

AFP, New York

Boeing's new boss said Friday he was looking to "reset" relations with a key union representing tens of thousands of its workers, amid negotiations for a new labor contract.

"I met with the presidents of IAM 751 & W24 this week in Seattle for a productive conversation and the opportunity to listen," Boeing chief executive Kelly Ortberg wrote in a message to the aerospace giant's 170,000-plus employees, a week after taking office.

"I shared with them my commitment to reset our relationship and reach a new contract where we can come together to build a strong future for our employees

in the region," Ortberg said in the message, shared with AFP, adding that contract negotiations were in the "final phase."

The two local branches of the International Association of Machinists and Aerospace Workers represent around 33,000 Boeing employees.

They are based in the Seattle area, home to factories for the company's best-selling 737 and 777 aircraft.

The current 16-year-old agreement expires at midnight on September 12. Union members voted on July 17 to approve the possibility of strike action if there's no agreement by then.

"Ortberg knows that we can't rewrite the past, but we can work on a path forward in the future,"

the IAM District 751 negotiating committee said in a statement Thursday after the meeting.

"Boeing cannot rebuild the trust it shattered over the last two decades unless it commits to securing these jobs right here, where they belong," they added.

The union is demanding Boeing manufacture its next aircraft - expected in 2035 but not yet announced - in the region.

It is also demanding a pay hike of at least 40 percent over three years, as well as better benefits, including in health insurance and pensions.

"While Ortberg may not be sitting at the bargaining table, his influence on the negotiation process is undeniable," the committee said.

## Continue funding for logically acceptable projects

Govt urges World Bank, ADB

STAR BUSINESS REPORT

The interim government has suggested multilateral lenders continue financing existing projects that are reasonable, Finance Adviser Salehuddin Ahmed said yesterday.

"We have not closed any ongoing project. We want the World Bank and the Asian Development Bank to continue to finance the projects that have a reasonable basis," he said after a meeting with ADB Country Director Edimon Ginting at the Economic Relations Division in Dhaka.

The adviser said the lenders were also positive regarding financing for projects that the government would select.

"They are very positive," he said citing the WB and the ADB.

Ahmed, who recently got the responsibility of the commerce ministry, said he would try to ensure a business-friendly environment in the country and reduce corruption.

"There is a major role of trade and shops in inflation. Our efforts will be to address the issues and reduce the problems of common people," he said, adding that he would also sit with the trade bodies.



The file photo shows the under-construction Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram. Three factories in the Bepza economic zone inside the Shilpa Nagar have started operations and exports.

PHOTO: STAR/FILE

# 3 factories in Bangabandhu Shilpa Nagar start exports

JAGARAN CHAKMA

Three firms in the Bepza economic zone inside Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram have started operations and exports, according to sources at Bangladesh Export Processing Zones Authority (Bepza).

Starting operations early this year, these manufacturing units exported products worth \$300,000 till June and created more than 1,500 employment opportunities directly, said ASM Anwar Parvez, executive director (public relations) of Bepza.

The companies are KPST Shoes (BD) Co Ltd, Fengqun Composite Material Company (BD) Ltd, and Kiaksi Lingerie Bangladesh Co Ltd.

Their combined investment is \$71.14 million.

These factories are producing agro-processed food, accessories, hangers and foam, foil sealed bags, shoe accessories and packaging materials such as duct tape, cartons, paperboard boxes, inner boxes, corrugated boxes and rigid boxes.

KPST Shoes (BD) Co, which invested around \$8.07 million, is producing shoe accessories like insole, outsole and midsole, and ethylene-vinyl acetate and polyurethane foams.

Fengqun Composite Material Company (BD) of China has invested \$2.22 million and is making shoe accessories and packaging items.

Kiaksi Lingerie, which specialises in

lingerie items, textiles, accessories, hangers and foam, has invested \$60.85 million.

Parvez said another eight factories are under construction and two of them will start production within a short time.

He said they have so far signed contracts with 30 companies for plot allocation with a total investment plan of \$706 million. Of the amount, \$71.14 million has already been invested.

Besides, there were around 100 applications in the pipeline but land could not be allocated for those investors as those factories will require a huge amount of water.

Bepza will not be able to allocate land until water is available, he said.

## Business confidence in tackling inflation is critical

MONZUR HOSSAIN

Inflation has become a significant economic challenge for Bangladesh, impacting both consumers and businesses alike. As the country navigates through the post-pandemic recovery period, global supply chain disruptions, rising fuel prices, and domestic political regime shifts have all contributed to surging inflation.

For businesses, this environment presents both challenges and opportunities. Business confidence in tackling inflation is critical as it determines how they plan, invest and operate under pressure, particularly those who are politically involved with the ousted Awami League regime. The current state of inflation hinges on business sentiment, and the strategies businesses are adopting to navigate this challenging landscape.

Bangladesh has experienced persistent inflationary pressures in recent years. According to official data, the inflation rate in July 2024 averaged above 11 percent, significantly higher than the previous year's average. This increase has been driven primarily by food price inflation, exacerbated by supply chain disruptions, rising global commodity prices and adverse weather conditions affecting agriculture. Moreover, the depreciation of the Bangladeshi Taka against the US dollar has led to higher import costs, contributing further to inflation.

Business confidence in Bangladesh has been somewhat mixed amid the regime changes. On the one hand, there is cautious optimism among businesses due to the new interim government's vision to create a level playing field for all. However, it will be difficult to restore discipline in the market overnight without the support from businessmen who were political aides of the previous regime and have captured most of the import-export and other businesses.

It is important for the Interim government and the Bangladesh Bank to be actively working to contain inflation and restore business confidence. The monetary policy has been tightened, with the central bank raising interest rates and adopting measures to control money supply growth. While these steps are aimed at curbing inflation, they also

pose challenges for businesses by increasing borrowing costs and limiting access to credit. It is time to review the monetary policy and exchange rate policy stance. On the fiscal side, the government has introduced subsidies and targeted support for essential goods, particularly food items, to ease the burden on consumers and stabilize prices.

However, these measures have limitations, and businesses remain wary of potential tax hikes or further austerity measures that could be introduced to manage fiscal deficits.

Additionally, the government is focusing on improving supply chains and promoting local production to reduce dependency on imports. This is aligned with its broader strategy to build resilience in the economy by encouraging self-sufficiency, particularly in sectors like agriculture and manufacturing.

Despite the inflationary challenges, businesses in Bangladesh need to explore various strategies to manage costs and maintain profitability. One key approach has been cost optimization. Companies need to reevaluate their supply chains, seek more cost-effective suppliers and implement energy-saving technologies to reduce operational costs. Price adjustments have also become a common strategy. Businesses are gradually passing on higher costs to consumers, though this is done cautiously to avoid significant demand contraction. Retailers, for example, are offering smaller packaging sizes at lower prices to maintain affordability for consumers while preserving margins.

Business confidence is crucial for economic stability, especially during inflationary periods. High levels of confidence encourage investment, job creation and innovation, which are vital for sustaining growth. Conversely, if confidence wanes, businesses may cut back on investment, leading to slower economic activity and potentially triggering a recession. This should be the main concern for now. There are curbs among big business houses, particularly those involved in importing edible oil, LNG, and many other essentials. It is now important to increase competition in import markets and give a positive signal to the market that businesses will get due support from the government if they play fairly and don't breach market fundamentals.

Finally, maintaining business confidence hinges on the government's ability to manage inflation effectively and create a stable operating environment. Clear and consistent communication from policymakers, along with targeted support measures for vulnerable sectors, can help bolster confidence. Equally important is the role of industry associations and business leaders in fostering collaboration and sharing best practices to navigate inflationary challenges.

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## Stocks fall for second day

STAR BUSINESS REPORT

Stock markets in Bangladesh sharply fell yesterday as risk-averse investors opted to lock in profits on quick-gaining shares on the trading floors amid price fluctuations.

Shares of companies like Grameenphone, BAT Bangladesh Company, Square Pharmaceuticals, BRAC Bank, Renata, LafargeHolcim Bangladesh, Beximco Pharmaceuticals, Eastern Bank, City Bank and Pubali Bank suffered losses.

Of them, Square Pharmaceuticals logged the highest loss of 16.61 percent, the only double-digit loss. BAT Bangladesh Company and Grameenphone jointly recorded a loss of over 15 percent.

As a result, the benchmark index of Dhaka Stock Exchange (DSE), slumped 125.20 points, or 2.12 percent, from that on the day prior to close at 5,778, marking a fall for the second straight day.

Similarly, the DSES, the index for the Shariah-based companies, slipped 24.54

points, or 1.94 percent, to 1,240 and the DS30, the index that is composed of blue-chip firms, edged down 52.74 points, or 2.42 percent, to 2,126.

The day's turnover, which indicates the total value of the shares trading on the DSE, decreased 51.86 percent to Tk 480.8 crore.

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The banking sector dominated the turnover chart, accounting for 16.02 percent of the day's total market turnover.

Block trades, meaning high-volume transactions in a security that are privately negotiated and executed outside of the open market, contributed 4.1 percent of the overall market turnover.

Grameenphone became the most traded share with a turnover of Tk 49.3

crore. All the sectors which account for large amounts in market capitalisation, which refers to the total value of their shares at present, posted a negative performance, according to the day's market update by BRAC EPL Stock Brokerage.

Telecommunications experienced the highest loss of 2.99 percent followed by non-bank financial institutions (2.64 percent), fuel and power (2.38 percent), engineering (2.36 percent), bank (2.31 percent), food and allied (2.28 percent), and pharmaceuticals (2.02 percent).

Out of the 398 scrips that changed hands on the trading floor of the country's premier bourse, prices of 18 advanced, 366 declined and 14 did not witness any price movement.

In case of blue-chip companies, Islami Bank Bangladesh, Olympic Industries, Kohinoor Chemicals, Saif Powertec, Daffodil Computers, Premier Cement, Oimex Electrode, Marico Bangladesh and Miracle Industries drew investors the most, according to LankaBangla Financial Portal.

Daffodil Computers topped the

gainers' list with a rise of 6.61 percent.

Oimex Electrode, Zeal Bangla Sugar Mills, SAIF Powertec, Olympic Industries, Miracle Industries, Beach Hatchery and Islami Bank Bangladesh showcased a strong performance.

Kohinoor Chemicals Company Bangladesh, Northern Islami Insurance, Premier Cement Mills and United Insurance Company were also on the gainers' list.

Meghna Petroleum shed the most, losing 3.67 percent.

Alif Manufacturing Company, Legacy Footwear, Unilever Consumer Care, Rupali Life Insurance Company and Dulamia Cotton Spinning Mills did not fare that well.

Bashundhara Paper Mills, Grameenphone, JMI Hospital Requisite Manufacturing, National Tubes, Bangladesh Thai Aluminium and IPDC Finance were also on the chart of those suffering losses.

Chittagong Stock Exchange also saw a similar downturn as its all-share price index plunged 316.20 points, or 1.86 percent, to settle the day at 16,715.

## Indonesia, Chinese firms combine to drive EV growth

ANN/CHINA DAILY

After driving his Wuling Binguo electric vehicle for about half a year, Luthfi, a resident of Jakarta, Indonesia, found the experience of using his first EV to be "pretty good".

"The (EV charging) is cheap...and the car is quite small so I can move on the road easily," said the 45-year-old, who goes by one name.

One of the first buyers of a Wuling Binguo, a compact electric car launched in Indonesia in December, Luthfi said he chose it because the manufacturer, SAIC-GM-Wuling, has been in Indonesia for seven years, and the vehicles are made locally.

SGMW is a joint venture between Shanghai-based SAIC Motor, United States-based General Motors and Liuzhou Wuling Motor. It is based in Liuzhou, in South China's Guangxi Zhuang autonomous region.

The joint venture's plant in Indonesia, the first of its kind outside China, started production in 2017. It has invested a total of \$1 billion to build the manufacturing base, which includes a factory with an annual production capacity of 120,000 units and a parts and components park.

While Japanese cars are a familiar sight on the busy roads of Indonesia's capital Jakarta, Jefri Setiawan is seeing more Chinese vehicles as he drives to work every morning.

The 40-year-old mid-level manager is the proud owner of Wuling BinguoEV. He bought the car three months ago after visiting a motor show at the Jakarta International Expo.

He decided to buy the model as it is more affordable than higher-priced brands such as Chery, Neta and BYD — the latest Chinese EVs to enter the

READ MORE ON B2

## Japan firms see Harris presidency as better for business than Trump

REUTERS, Tokyo

More Japanese companies believe a Kamala Harris presidency in the US would be better for their businesses than a second Donald Trump administration, a Reuters survey showed on Thursday, reflecting the respondents' concerns about protectionism and policy unpredictability.

The outcome of November's US presidential election is being closely watched by countries around the world. But Japan is a close ally of Washington, with tens of thousands of US troops stationed there, and its businesses would feel the impact of a renewed US-China trade war since both are among its top trading partners.

Some 43 percent of Japanese firms said they preferred Harris in light of their corporate strategies and business plans while 8 percent picked Trump.

A total of 46 percent said either candidate would be fine, with the remaining 3 percent saying they preferred neither.

"There is a possibility that trade war, economic friction and security threats

will be brought about under another Trump administration, forcing us to change our business strategy," a manager at a ceramics manufacturer wrote in the

survey. Japan's relations with the Trump administration were at times strained by his demands for more payments towards

military assistance and by trade tensions.

With Harris, "we can expect current policies to be maintained by and large. That would give us better visibility into the future," an official at a chemicals firm said.

Asked what change will likely be necessary under a Trump administration, 34 percent said their foreign exchange strategy would need to be reviewed, while 28 percent said their supply chains would be realigned and 21 percent said they would reduce their China operations.

Trump has floated the idea of a 10 percent universal tariff on US imports, which could disrupt international markets, and a tariff of at least 50 percent on Chinese goods.

Nikkei Research reached out to 506 companies from July 31 to Aug. 9 on behalf of Reuters for the survey, with 243 firms responding.

Regardless of who wins the US election, 13 percent of Japanese companies are considering reducing operations in China, while 3 percent are looking into expanding their businesses, with 47 percent planning to maintain their current exposure, the survey showed.



US Vice President Kamala Harris delivers remarks at the Eisenhower Executive Office Building near the White House in Washington.

PHOTO: REUTERS/FILE