

Star BUSINESS

Islamic banking sector has registered growth in deposits in June although several Shariah-based lenders faced widespread scams and irregularities

Story on B4



BB forms new boards for two more banks, one NBF

STAR BUSINESS REPORT

Bangladesh Bank has formed new boards of directors for two more banks and a non-bank financial institution as a part of its ongoing reform initiatives for the banking sector.

The three are Bangladesh Commerce Bank, Al-Arafah Islami Bank and Aviva Finance. S Alam Group is one of the major shareholder in all three.

The central bank issued separate letters to this end yesterday.

In Bangladesh Commerce Bank, Md Ataur Rahman, former executive director of Bangladesh Bank, Md Mohsin Mia, former additional managing director of Meghna Bank, and Sheikh Ashrafuzzaman, a chartered accountant, have been appointed as independent directors.

Besides, Kamrul Hoque Marul, joint secretary to Financial Institutions Division under the finance ministry, and Md Golam Mortuza, deputy managing director of Janata Bank, have been made directors.

Meanwhile, Khwaja Shahriar, managing director of LankaBangla Finance, has been appointed as the independent director and chairman of Al-Arafah Islami Bank.

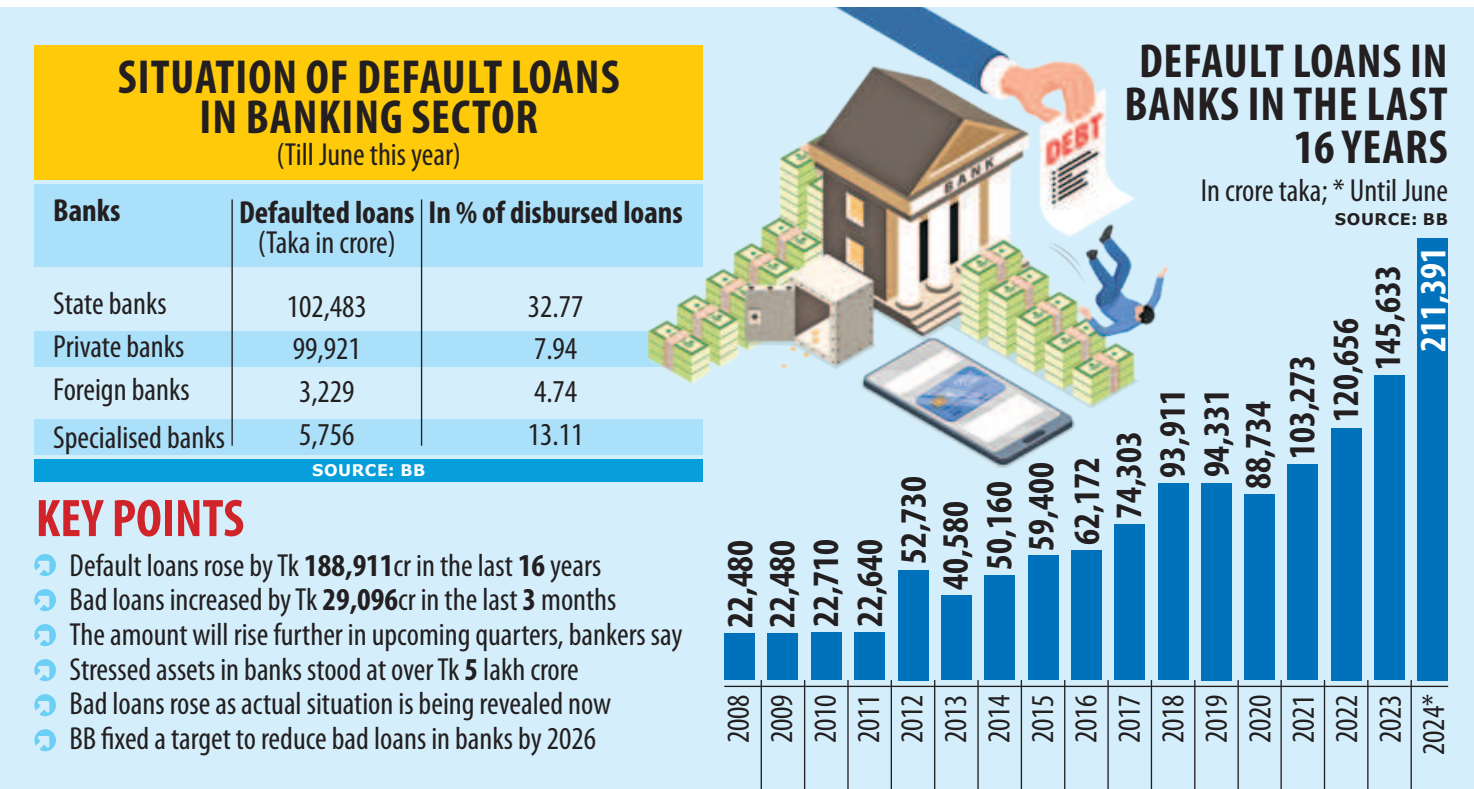
Moreover, Md Shahin Ul Islam, former executive director of Bangladesh Bank, Md Abdul Wadud, former deputy managing director of NRB Bank, M Abu Eusuf, professor of development studies at the University of Dhaka, and Mohammad Ashraful Hasan, a chartered accountant, have been appointed independent directors at the Shariah-based bank.

In Aviva Finance, the

READ MORE ON B3

Default loans surpass Tk 200,000cr for first time

Bad loans rose Tk 188,911cr in the past 16 years



MD MEHEDI HASAN

Default loans in the banking system surpassed Tk 200,000 crore for the first time, underlining the fragile condition of the sector that fell prey to rampant scams and irregularities under the tenure of the Awami League government over the past 16 years.

At the end of June this year, bad loans in the sector climbed to Tk 211,391 crore, which accounts for 12.56 percent of the total disbursed loans of Tk 1,683,396 crore, as per the latest Bangladesh Bank data. This is the highest ratio of non-performing loans to total disbursed loans in the past 16 years.

Till June last year, default loans stood at Tk 156,039 crore, BB data showed.

Soured loans increased by Tk 29,096 crore in the past three months from Tk 182,295 crore as of March 30.

Industry insiders said that the actual information regarding the

health of banks, which had been meticulously swept under the rug by vested quarters, began to trickle out due to pressure from the International Monetary Fund (IMF).

Their actual condition started to be fully uncovered after Sheikh Hasina, who led the Awami

League government during its 15-year tenure, was ousted on August 5 by a mass uprising.

Bad loans in the banking sector stood at Tk 22,480 crore when the Awami League won the first of four consecutive general elections in 2008. However, the

volume began to grow thereafter due to a growing trend of irregularities and scams.

Selim RF Hussain, chairman of the Association of Bankers, Bangladesh (ABB), told The Daily Star yesterday that they did not believe the figures provided by

He added that Bangladesh has not been following international standards in terms of the classification of loans or provisioning. "If we had followed international standards, the sector would not be bleeding."

He also alleged that former finance minister AHM Mustafa Kamal had changed the provisioning system, which was a significant setback for the banking sector.

There have been huge irregularities and scams over the past few years in the sector and the central bank has only motivated and encouraged them, he lamented.

Hussain suggested measures to urgently stem the bleeding in the banking sector before imposing rules and regulations properly.

"The government must promise to bring good governance to banks. Hopefully, the sector can be restored in four to five years."

READ MORE ON B3

Drug-makers seek govt help to normalise labour situation

STAR BUSINESS REPORT

After a series of abrupt labour agitations caused a rare stir in the country's comparatively steady pharmaceutical sector, drug manufacturers said they want the government to mediate the ongoing labour situation.

The labour agitation, which has been continuing for the past couple of weeks, has already shuttered production at 19 big pharmaceutical plants and shows no sign of easing anytime soon.

Terming the situation "very challenging", drug-makers at a press conference yesterday questioned abrupt worker demands such as job regularisation and salary hikes.

"We are helpless. Workers are placing demands one after another. We do not know how to deal with the situation," said Abdul Muktedir, president of the Bangladesh Association of Pharmaceutical Industries (BAPI), at a press conference at the association office.

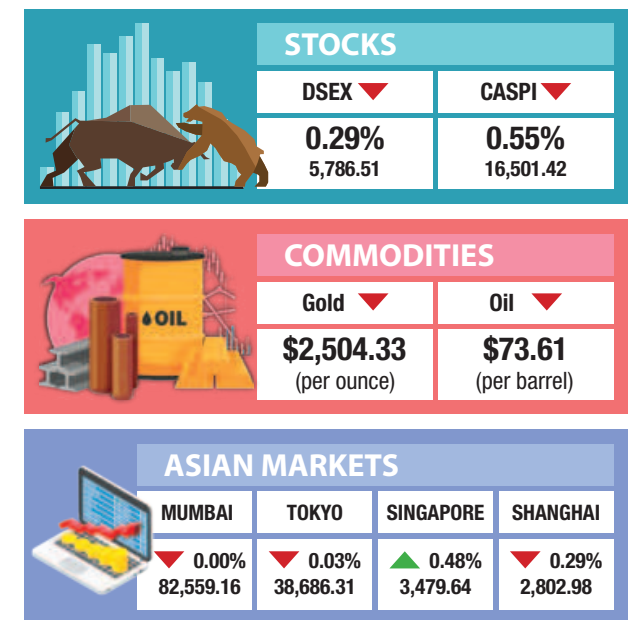
The association, which represents around 250 pharmaceutical companies, including exporting firms, said they want the government to mediate as the agitated workers are not listening to them.

According to Muktedir, there has been no labour unrest or agitation in the pharmaceutical industry for the past 50 years.

"At this time, it is very important to stop the marches, siege programmes or destructive activities with all the demands and continue the production activities in the factories with full enthusiasm," he added.

I like to call upon all concerned to be patient and take steps considering the interests of the country, he said.

READ MORE ON B3



Extension of cross-border diesel pipeline comes to a halt

ASIFUR RAHMAN

India's plan to extend a cross-border diesel pipeline from Dinajpur's Parbatipur upazila to Natore will apparently see delayed implementation for the ongoing political crisis, according to the Bangladesh Petroleum Corporation (BPC) and an Indian media outlet.

Inaugurated in March last year by former prime minister Sheikh Hasina and her Indian counterpart Narendra Modi, the pipeline stretches from Siliguri in West Bengal to an oil depot in Parbatipur.

The "Indo Bangla Friendship Pipeline" (IBFP) has a capacity to convey 1 million tonnes of high-speed diesel per annum. It currently supplies the product to seven districts in northern Bangladesh.

This is the first cross-border energy pipeline between India and Bangladesh, built at an estimated Rs 377 crore, of which the portion in Bangladesh cost Rs 285 crore, borne through an Indian grant.

The BPC and Indian media outlet said the Indian authorities expressed interest in July to extend the pipeline and increase the volume of fuel export, which got the nod from Bangladesh.

"We verbally agreed on a proposal to conduct feasibility studies to extend the pipeline up to Natore. But they are yet to start the studies," Amin Ul Ahsan, chairman of the BPC, told The Daily Star on Monday.

There is neither an issue to reject the project nor an issue to halt the existing operation, he said.

"We didn't take up the issue in any discussion yet," the chairman added.

According to the officials, Bangladesh imported around



The feasibility study for extending the Indo-Bangla Friendship Pipeline will take place only after stability returns to the country. The picture was taken from Parbatipur upazila of Dinajpur.

PHOTO: STAR/FILE

4,000 tonnes of diesel in August from Numaligarh Refinery Limited, located in Assam.

Four other import orders have been placed seeking around 7,000 tonnes in the upcoming days.

However, citing three people aware of the development, Indian news outlet Mint in a report claimed that the Bangladesh government has now "pressed the pause button" on a proposal to extend the 131 kilometre pipeline.

"Since the project has been operating well and has been largely successful, there was a consideration as to why not further extend it to cater to more places in the neighbouring country [Bangladesh]," it said.

"Now, after the political situation somewhat destabilised, India would like to wait for the situation to stabilise for any further

consideration and talks. No specific timeline can be given," said one of the cited trio.

Another person told the Mint that along with diesel, India was also considering a proposal to send high sulphur fuel oil (HSFO) and furnace oil to Bangladesh – which are largely used in the maritime industry and in heating homes, businesses and industrial units respectively.

Amin Ul Ahsan said Bangladesh failed to receive the fuel expected through the pipeline as all of the receiving tanks are yet to be brought under automation.

"We have some other issues, but we are continuing to import fuel through the pipeline as it costs less than importing from other countries. And we can save on internal transport costs as well," he added.

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Midland Bank donates Tk 60 lakh for flood victims

STAR BUSINESS DESK

Midland Bank PLC recently donated a financial relief package worth Tk 60 lakh for flood-affected people in different districts of the country.

Of the sum, Tk 50 lakh came from its Annual Corporate Social Responsibility (CSR) Programme 2024, the bank said in a press release.

The bank deposited Tk 60 lakh to the Chief Adviser's "Relief and Welfare Fund" to be utilised to meet the essential needs of the flood victims, the press release added.

Besides, employees of the bank raised Tk 21.36 lakh from their salary, half of which was donated for flood victims after deducting Tk 1.35 lakh for flood-affected staff of the bank.

The other half will be donated to a foundation that will be set up at the behest of the government to help those injured during the student protests in July.

Shahjalal Islami Bank donates Tk 1.50cr for flood victims

STAR BUSINESS DESK

Shahjalal Islami Bank PLC recently donated a financial relief package worth Tk 1.50 crore for flood-affected people in different districts of the country under its corporate social responsibility (CSR) programme.

The aid will be deposited to the Chief Adviser's Relief and Welfare Fund for helping people in flood-hit areas, including Feni, Noakhali, Chittagong and Cumilla.

Md Abul Bashar, company secretary of the bank, handed over a cheque to Faruk E Azam, adviser to the ministry of disaster management and relief, at the Bangladesh Secretariat in Dhaka.

HSBC Bangladesh wins Asian Banking & Finance awards

STAR BUSINESS REPORT

Hongkong and Shanghai Banking Corporation (HSBC) Bangladesh has received awards as "International Retail Bank of the Year" and for "Best Marketing and Brand Initiative of the Year" from magazine Asian Banking & Finance in Singapore recently.

HSBC Bangladesh won the first award for a fourth consecutive year whereas the second for a second time in a row, said a press release.

The Asian Banking & Finance awards aim to honour top banks and financial companies in the Asia Pacific region that are reshaping retail banking landscapes through innovative products and services and effective strategies.

"Winning the accolades...reaffirms our strengths to meet the evolving international banking requirements and our consistent commitment to support our retail customers," said Md Mahubur Rahman, chief executive officer of the multinational bank.

Tanmi Haque, head of wealth and personal banking at HSBC Bangladesh, emphasised the significance of customer centricity in HSBC's operations.

Haque highlighted, "HSBC is committed to innovating services and enhancing its brand through continuous marketing efforts. This is an endorsement from our customers, and it is an honour to be recognised for excellent customer services."

HSBC's customised banking proposition, "HSBC Select" offers a range of saving products and exclusive lifestyle privileges.

With the help of its dedicated coverage



Md Mashud Iqbal, head of marketing and partnership, wealth and personal banking at HSBC Bangladesh, and Fahad Bin Sultan, head of customer value management, wealth and personal banking, pose for photographs with trophies during a ceremony at the Marina Bay Sands in Singapore recently.

PHOTO: HSBC BANGLADESH

and unparalleled global network, the bank provides seamless services for international education payments and foreign remittance services for non-residential Bangladeshis.

HSBCSelect entails a pool of dedicated relationship managers who ensure the customer's financial needs are met and their financial future secured with the bank's personalised services.

Asif Zahir becomes chairman of National Finance

STAR BUSINESS DESK

Asif Zahir was recently appointed as chairman of National Finance Ltd.

Zahir is the deputy managing director of Ananta Group, a conglomerate engaged in apparel and textile manufacturing, real estate, digital commerce and financial services, according to a press release.

He is part of the executive leadership team of Ananta Apparels Ltd. He is also founder and managing director of Sindabad.com Ltd.

Zahir's professional journey includes experience in the United States as a product manager at Google Inc, where he specialised in developing applications for the Android mobile operating platform.

His achievements in the tech industry highlight his strategic vision and expertise.



Asif Zahir

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (SEP 3, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 64-Tk 80	4.35 ↑	9.09 ↑
Coarse rice (kg)	Tk 52-Tk 55	2.88 ↑	9.18 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-10.53 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 152	-1.00 ↓	-5.71 ↓
Potato (kg)	Tk 52-Tk 60	-2.61 ↓	28.74 ↑
Onion (kg)	Tk 110-Tk 120	2.22 ↑	35.29 ↑
Egg (4 pcs)	Tk 50-Tk 53	3.00 ↑	0

SOURCE: TCB

Shahjalal Islami Bank, Placid Express sign deal on remittance collection

STAR BUSINESS DESK

Shahjalal Islami Bank PLC signed a remittance drawing agreement with Placid Express, a USA based remittance company.

Mosleh Uddin Ahmed, managing director of the bank, and Mohammed Rashid, director of the USA-based remittance company, penned the deal at the bank's corporate head office in Dhaka yesterday, according to a press release.

Bangladeshi expatriates can send their money safely and quickly to their near and dear ones in Bangladesh through Shahjalal Islami Bank PLC using Placid Express.

Placid Express is a leading provider of cross-border payments services, enabling over millions of customers to make payments online or via a physical network across different countries.

M Akhter Hossain, additional managing director of the bank, and Faroque Helaly, country head of



M Akhter Hossain, additional managing director of Shahjalal Islami Bank, and Mohammed Rashid, director of Placid Express, USA, pose for photographs after signing an agreement at the bank's head office in Dhaka yesterday.

PHOTO: SHAHJALAL ISLAMI BANK

Bangladesh at Placid N Corporation, attended the signing ceremony.

Among others, Mohammad Abdul Majid, head of international division of the bank, Shariful Haider, head

of treasury, Mohammad Shakhawat Hossain, in-charge of foreign remittance department, and KM Harunur Rashid, in-charge (current charge) of public relations division, were also present.

National Bank relocates branch for women to Rupnagar

STAR BUSINESS DESK

National Bank Limited recently relocated its branch dedicated for women from Dhanmondi to Rupnagar in the capital's Mirpur.

Md Touhidul Alam Khan, managing director and CEO of the bank, inaugurated the branch as chief guest, according to a press release.

Imran Ahmed, deputy managing director, was present as special guest.

The guests expressed optimism that the quality and scope of services offered to customers would increase at the new address.

Md Abdur Rahim, senior executive vice president and manager of the branch, was also present alongside other branch officials, businessmen and local dignitaries.



Md Touhidul Alam Khan, managing director and CEO of National Bank, cuts a ribbon to inaugurate a branch for women, which was relocated to Rupnagar in the capital's Mirpur recently.

PHOTO: NATIONAL BANK

Government of the People's Republic of Bangladesh
Local Government Engineering Department
Office of the Executive Engineer
Rajbari
www.lged.gov.bd

Reference: 46.02.8200.000.99.012.24-1753 Dated: 02/09/24

Tender Notice-08/2024-2025

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

Sl No.	Package No.	Name of work	e-Tender ID	Procurement method	Tender/proposal document last selling / downloading date and time	Last date and time for tender/proposal security submission	Tender/proposal closing date and time
1	LGED/GOBM/RJB/24-25/RW-01	Rehabilitation-Widening of Habaspur GC-Arungong G.C. Road from Ch 00m-1820m [Road ID: 382772012] [Kalukhali]	1010345	OTM	24-September-2024 17:00	25-September 2024 12:30	25-September 2024 13:00

This is an online tender, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted.

To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender documents from the National e-GP System Portal have to be deposited online through any registered bank's branches.

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk (helpdesk@eprocure.gov.bd).

Md. Eusuf Hossain
Executive Engineer
LGED, Rajbari
Phone: 02-478807550
E-mail: xen.rajbari@lged.gov.bd

GD-334

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
OFFICE OF THE EXECUTIVE ENGINEER,
EDUCATION ENGINEERING DEPARTMENT
NOAKHALI DISTRICT.
www.eed.noakhali.gov.bd

Invitation for e-Tender (IFT)

Tender Notice No: 03/e-GP/EED/ND/Code-1250301-1250301109972-4112314/2024-2025, Dt: 03/09/2024

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

SL NO	Package No.	Tender ID No.	Name of Tender	Tender Document Last Selling/Downloading (Date & Time)	Tender Closing & Opening (Date & Time)
01	eed/nd/goods/shed/36	1012283	Manufacturing & Supply of Furniture at Amishapara Krisok High School, Sonaimuri, Noakhali.	18-09-2024 13.30	18-09-2024 13.40
02	eed/nd/goods/shed/37	1012284	Manufacturing & Supply of Furniture at A Goni Girls High School, Hatiya, Noakhali.	18-09-2024 13.30	18-09-2024 13.40
03	eed/nd/goods/shed/38	1012285	Manufacturing & Supply of Furniture at Kabi Jasim Uddin High School, Companigonj, Noakhali.	18-09-2024 13.30	18-09-2024 13.40
04	eed/nd/goods/shed/39	1012286	Manufacturing & Supply of Furniture at Chandpur Adarsho High School, Senbag, Noakhali.	18-09-2024 13.30	18-09-2024 13.40
05	eed/nd/goods/shed/40	1012287	Manufacturing & Supply of Furniture at East Hazipur Anwara High School, Begumgonj, Noakhali.	18-09-2024 13.30	18-09-2024 13.40
06	eed/nd/goods/shed/41	1012288	Manufacturing & Supply of Furniture at Sahapur High School, Chatkhil, Noakhali.	18-09-2024 13.30	18-09-2024 13.40
07	eed/nd/goods/shed/42	1012289	Manufacturing & Supply of Furniture at Khilpara High School, Chatkhil, Noakhali.	18-09-2024 13.30	18-09-2024 13.40
08	eed/nd/goods/shed/43	1012290	Manufacturing & Supply of Furniture at Khalilur Rahman Degree College, Sonaimuri, Noakhali.	18-09-2024 13.40	18-09-2024 13.50
09	eed/nd/goods/shed/44	1012291	Manufacturing & Supply of Furniture at Hatia College, Hatia, Noakhali.	18-09-2024 13.40	18-09-2024 13.50
10	eed/nd/goods/shed/45	1012292	Manufacturing & Supply of Furniture at Char Amanullah High School, Subarnachar, Noakhali.	18-09-2024 13.40	18-09-2024 13.50
11	eed/nd/goods/shed/46	1012293	Manufacturing & Supply of Furniture at Korihati High School, Chatkhil, Noakhali.	18-09-2024 13.40	18-09-2024 13.50

To submit, e-Tender registration in the National e-GP system portal (<http://www.eprocure.gov.bd>) is required.

(Md. Hasan Sawkat)
Executive Engineer
Education Engineering Department
Noakhali District.
E-mail: ee_noa@eedmoe.gov.bd

GD-338



Syed Abu Naser

Abu Naser becomes chairman of Agrani Bank

STAR BUSINESS REPORT

A new chairman has been appointed at state-owned Agrani Bank, according to a letter issued by Financial Institutions Division under the Ministry of Finance yesterday. The appointee, Syed Abu Naser Bukhtear Ahmed, was once appointed by the government in 2004 to serve as the managing director of Agrani Bank. Now Ahmed, who is currently serving as an independent director of Dhaka Bank, has simultaneously been appointed as a director of the bank, according to the letter. He will hold the posts at Agrani Bank for three years, according to the letter. Ahmed replaces Zaid Bakht, who has served as the chairman of the bank for three terms, the last one being since December 2020.

SUKANTA HALDER

The price of eggs, which is one of the most basic sources of protein for many fixed and low-income people in Bangladesh, has increased in local markets over the past week due to a supply shortage. Consumers are already facing a difficult time making ends meet for an increase in the prices of essential food commodities. And now, eggs are eating away a bigger chunk of their budgets. Businesspeople said so far, 64 upazilas across 11 districts have witnessed floods, causing suffering for farmers and decreasing production. Moreover, due to high humidity, chickens are not eating properly, they added. There is a daily demand for 5.5 crore eggs in the country and production has dropped by 35 lakh, they said. Nurul Alam Sikder, a retailer in Dhaka's Mirpur area, said he sold a dozen eggs for Tk 160 yesterday while it was Tk 150 a week ago as wholesale prices have risen. "Now I am tired of telling the buyers the reasons for the price hike. Some are even venting their anger at me," he added. However, the Trading Corporation of Bangladesh, which collects data from three kitchen markets in Dhaka, cited that the price had not increased over the past week and instead only grew by 3 percent over the



Traders said prices of eggs started to rise since August 20 when floods hit 11 districts. PHOTO: STAR/FILE

past month. Amanat Ullah, president of the Tejgaon Egg Merchants Association, said prices started to rise since August 20 when floods hit the 11 districts. However, the situation has somewhat improved and prices have started to fall, he added. "Yesterday I sold every 100 eggs at Tk 1,160 while it was Tk 1,180 to Tk 1,190 a week ago," Amanat said. Chicken farms in many districts have been affected by recent floods, which disrupted production and supply and increased prices, he added. Amanat also said he believes egg prices may drop within a couple of weeks. Khandaker Md Mohsin, a farmer in Gazipur and secretary general of the Bangladesh Poultry Industries Association, said the chickens that survived in flood affected areas are now laying fewer eggs than normal.

Additionally, egg production has dropped by around 30 percent due to the weather, he said. Now, the price of white eggs at the farm level is Tk 11.20 per piece. And the price of brown eggs is Tk 11.50 to Tk 11.60. Due to reduced production, the prices are slightly higher than normal, Mohsin added. Kayser Ahmed, managing director of Diamond Egg, one of the largest producers and marketers of eggs, said they were selling eggs at the price set by the government. "The prices have increased due to a gap in demand and supply caused by the floods," he added while informing that it may take flood affected farms up to seven months to restore their setup of layer hens and regain normal egg production. Sumon Howlader, president of the Bangladesh Poultry Association, claimed that about 4,000 marginal farmers have suffered losses of around Tk 600 crore collectively as roughly 500,000 layer hens were lost in the floods. As such, egg production has decreased by 4 to 5 percent, he said. "We request the interim government to break up the syndicate of poultry feed and chicks and seek intervention to fix reasonable prices for eggs and chickens produced by local farmers," Howlader added.

Auditors stage sit-in at Hisab Bhaban over promotion

STAR BUSINESS REPORT

Around 300 auditors employed by the Office of the Controller General of Accounts and its subordinate offices staged a sit-in, demanding that they be promoted from the 11th to 10th grade under the pay scale. The scene unfolded in front of the Hisab Bhaban in the capital's Segunbagicha yesterday. Mohammad Al Amin, one of the demonstrating auditors, said that Asif Nazrul, the law adviser to the interim government, had agreed to promote auditors from the 11th grade to 10th grade last month. But the promotions have been delayed due to some unknown reasons, he added, saying they wanted the decision to be implemented soon. "A legal battle over the promotion has been going on since 2015. Finally, we won. But a group of government officials with bad intentions has now put the issue on hold," he said. Manfat Shifir, another auditor, said that a letter was sent to the Finance Division on August 25, urging it to take steps in line with the law adviser's consent. "But no action has been taken in this regard so far. This is very disappointing. We have fought over this for a long time. Being stuck like this at the last stage is unacceptable."

Oil price falls

REUTERS

Brent oil prices declined 2 percent on Tuesday as sluggish economic growth in China, the world's biggest crude importer, increased demand concerns that overshadowed the impact of halted production and exports from Libya.

Gold gains Drug-makers

Gold prices edged higher on Tuesday on optimism that the US Federal Reserve will cut interest rates this month as attention shifted to upcoming jobs data which could provide more insights into the size of rate cuts. Spot gold rose about 0.2 percent to \$2,504.02 per ounce by 0928 GMT, having hit more than one-week low in the last session on a firmer dollar. US gold futures rose 0.3 percent to \$2,535.90. The (gold) market is torn a little bit between the debate in the US on "how strong is the Fed going to cut (interest rates) in September and in the following two meetings," said Quantitative Commodity Research analyst Peter Fertig. Traders currently see a 31 percent chance of a 50 basis point rate cut at the Fed's Sept. 17-18 policy meet.

FROM PAGE B1 "We have come to know that recently in many parts of the country, workers in many pharmaceutical industries are agitating 'illogically' and 'vandalising' structures for various 'unreasonable' demands," Mukhtadir added. He said initially the workers demanded Tk 18,000 as the minimum salary. Later it rose to Tk 20,000 and now they are demanding Tk 24,000. He alleged that the workers were preventing officials from entering many factories, leading to production disruptions. If the situation continues like this, the companies will have to shutter production and eventually, there will be a shortage of medicines in the country, he added. "Anevilforceisplaying an active role in a far-reaching

conspiracy to disrupt the development of an internationally recognised, self-sustaining and growing pharmaceutical industry and to destroy it," commented Abdul Mukhtadir. "Medicine is a life-saving commodity. If the production is disrupted due to labour agitation, medical care for many will be in limbo," he added. He said the drug-makers are not getting any support from the government or anyone else to deal with this critical situation. He said, "We want a solution now and continue production. We want to reach a consensus with the workers in the presence of the government." Regarding the worker demands, he said, "Some of the demands can indeed be fulfilled, but some demands cannot be fulfilled at this time."

Default loans surpass Tk 200,000cr

FROM PAGE B1 As of the end of June, default loans at state-run banks stood at Tk 102,483 crore, which accounts for 32.77 percent of their disbursed loans. Meanwhile, bad loans at private banks stood at Tk 99,921 crore or 7.94 percent of their total outstanding loans. Sourced loans at foreign banks amounted to Tk 3,229 crore, or 4.74 percent of disbursed loans, while it stood at 13.11 percent for specialised banks, whose bad loans amounted to Tk 5,756 crore. Industry insiders said bad loans were certain to increase in the July-September quarter. This is because they expect a large volume of loans to rapidly sour after the downfall of the AL government as those loans were taken by influential business groups through fake documents and irregularities using their political clout. S Alam and its associates alone took out more than Tk 95,000 crore from six banks. Those loans are likely to turn sour in the coming months, they added. Bankers also say that a tendency among borrowers to refrain from repaying loans citing unfavourable economic conditions may add to the burden of bad loans. Most loans disbursed by state-run banks were also availed through irregularities and scams, which makes it difficult to recover those loans. Moinul Islam, a former professor of economics at Chittagong University, recently told The Daily Star that the actual volume of bad loans is more than Tk 500,000 crore if written-off loans, rescheduled loans and loans with court injunctions are considered. He said the issue had become a major problem. "The former government did not take adequate action against loan defaulters. That is why their numbers are continuously rising." Stressed assets, including written off and rescheduled loans, stood at Tk 377,922 crore till December 2022, central bank data showed. The figure has increased sharply, industry insiders said. The central bank has refrained from publishing data on written off and rescheduled loans since. The former government had set a target to reduce the volume of bad loans as prescribed by the IMF with its \$4.7 billion loan programme. As per the previous government's directive, the BB fixed a target to reduce bad loans at state-run banks to 10 percent by 2026. The target for private commercial banks was set at 5 percent.

Officials of 3 banks demand scrapping promotion policy

STAR BUSINESS REPORT

Officials of Sonali Bank, Agrani Bank and Janata Bank have demanded that the promotion and posting policy for general managers (GMs) and deputy managing directors (DMDs) of the state-owned banks be scrapped. They made the demand through a letter signed by the GMs and DMDs on behalf of the officials to Finance and Commerce Adviser Salchuddin Ahmed recently. In the letter, they said the three banks were converted into limited companies

in 2007 and overall operations, including appointments, promotions and postings of GMs and DMDs, were entrusted to their respective board of directors. However, bringing about several changes to the policy, the Bangladesh Bank in January 2023 issued a circular entrusting the same tasks to the Financial Institutions Division under the Ministry of Finance. The officials said a large batch of officials joined Sonali Bank, Janata Bank, Agrani Bank and Rupali Bank based on a merit list in 1998, but none of those in the first three were promoted to the posts of GM.

Advertisement for Bangladesh Forest Industries Development Corporation (BFIDC) featuring a logo, contact information, and a table of services and prices.

BB forms new boards Earlier, the central bank appointed Md Sadrul Huda, a chartered accountant, as independent director and chairman. Besides, Md Golam Mustafa, former executive director of Bangladesh Bank, HM Mosarof Hossain, professor and chairman of finance department at the University of Dhaka, Md Rafiqul Islam, former deputy managing director of Agrani Bank, and Abu Taher Mohammad Ahmedur Rahman, former deputy managing director of the Investment Corporation of Bangladesh, were made independent directors of the financial institute.

Government of the People's Republic of Bangladesh - Request for Expressions of Interest (EOI) for 3R (Reduce, Reuse and Recycle) Pilot Initiative Project (Phase-I). Includes project details, key information, and procurement entity details.

Islamic bank deposits grow despite irregularities

AM JAHID

The country's Islamic banking sector registered growth in deposits in June although several Shariah-based lenders are facing widespread scams and irregularities.

In June, total deposits with Islamic banks increased by Tk 11,625 crore, or 2.71 percent, to Tk 440,427 crore from that in the previous month, according to a Bangladesh Bank report released on Monday.

Meanwhile, other key banking indicators such as loans taken in order to be invested and inflow of remittance also showed a positive growth, suggesting that client confidence had remained quite unscathed, according to the report.

Bankers credited the performance to the sector's overall growth.

According to the report, the amount of loans taken in order to be invested reached Tk 513,734 crore, a rise of 1.91 percent from that in the preceding month.

Islamic banking investments account for around one-fourth of the total investment of the banking industry, according to the report.

As of June, the total investments of all scheduled banks stood at Tk 2,062,853 crore, with conventional banks accounting for Tk 1,549,119 crore.

The assets of the Islamic banking sector also grew in June by 5.18 percent to Tk 853,397 crore compared to that in the previous month, showed central bank data.

Mohammad Ali, managing director and chief executive officer of Pubali Bank, said his bank's Islamic banking branches posted growths of over 50 percent in

PERFORMANCE OF ISLAMIC BANKS COMPARED TO CONVENTIONAL LENDERS

As of June 2024; In crore taka

■ Conventional banks
■ Islamic banks

SOURCE: BB

Assets	4,416,028	853,397
Agent bank deposit	39,821	21,334
Import payment	60,922	11,231
Export receipts	35,317	7,751
Remittance receipts	29,940	10,845
Investments	2,062,853	513,734
Deposits	1,871,226	440,427

every indicator.

"I think that banks where there are no allegations of scams and irregularities have registered a sharp growth, positively impacting the overall sector's growth," Ali said.

Depositors have already lost confidence in the scam-hit banks, he added.

There are 10 full-fledged Islamic banks in Bangladesh. Besides, Islamic branches and conventional banks with Islamic windows offer Shariah-based banking services.

Islami Bank Bangladesh, the country's biggest Shariah-based bank based on customer deposits, and several other banks have been experiencing a severe liquidity crisis amidst alleged rampant irregularities and scams by shareholder owner S Alam Group.

The Chattogram-based conglomerate and its associates took out Tk 95,331 crore in loans between 2017 and June this year from six banks, with 79 percent of the sum coming from Islami Bank.

Pubali Bank Managing Director Mohammad Ali, however, said many people still prefer Shariah-based banks due to their religious sentiments.

"Especially, retired or elderly people often seek Islamic banking services as they avoid taking interest, which is prohibited in Islam, from conventional banking systems," he added.

Meanwhile, the transfer of export earnings through the Shariah-based banking system decreased by 4.17 percent to Tk 7,751 in June.

Following a similar pattern, import payments also declined 17.55 percent to

Tk 11,231 crore.

However, there was positive development with regard to receipts of wage earners' remittances through Islamic banking, as it rose to Tk 10,845 crore in June from Tk 10,634 crore in May.

The total outstanding agent banking deposits in Islamic banking stood at Tk 21,334, up 3.44 percent from that in May.

According to the central bank report, agent banking deposits (outstanding) in this sector have shown a clear upward trend over the past eight months.

This indicates that monthly agent banking deposits in Islamic banking are increasing, suggesting that the mentality to save was growing among banking service recipients, said the report.

EDF loan gets costlier after new interest rate calculations

STAR BUSINESS REPORT

Exporters will face higher costs when getting loans from the Export Development Fund (EDF) as a new interest rate calculation method has been introduced for loans in US dollars.

The Bangladesh Bank issued a letter on September 2 to the managing directors and chief executives of all banks to calculate the interest rate on EDF loans based on the Secured Overnight Financing Rate (SOFR), a method used by the Federal Reserve Bank of New York.

As per the central bank's directives, authorised dealer banks can now take loans from the EDF by adding a 0.5 percent annual interest to the SOFR rate.

So, banks will charge manufacturers or exporters an additional 1.50 percent annual interest over the SOFR rate when lending in US dollars.

The Federal Reserve Bank of New York publishes the SOFR rate at 8:00am local time every business day. As of Tuesday, the SOFR rate was 5.33 percent, according to the Federal Reserve Bank of New York.

Previously, the Bangladesh Bank charged authorised dealer banks a 3 percent interest rate for EDF funds, and the dealer banks lent these funds at a 4.50 percent interest rate.

The central bank pointed out that this new method of determining the interest rate for EDF loans has been adopted to align with global financial market trends.

Opec output falls to lowest since January

REUTERS

Opec oil output fell in August to its lowest since January, a Reuters survey found on Monday, as unrest that disrupted Libyan supply added to the impact of ongoing voluntary supply cuts by other members and the wider Opec+ alliance.

The Organization of the Petroleum Exporting Countries pumped 26.36 million barrels per day last month, down 340,000 bpd from July, the survey found. This was the lowest total since January 2024, according to Reuters surveys.

A drop in Libyan exports and production amid a standoff between political factions over control of the central bank has helped boost oil prices and, sources say, increased the prospect that Opec+ will proceed with a planned output hike from October.

Libya provided the largest supply loss last month of 290,000 bpd, the survey found. Output was disrupted at the Sharara field early in the month and at more fields towards the end, trimming output to an average of 900,000 bpd, the survey found.

Some flows data, such as that of Kpler, showed little impact on Libyan exports in August, although sources in the survey estimated the production impact to be more significant.

Libya is exempt from Opec+ agreements to limit production. Other declines came from Iraq, which lowered exports in August according to the survey and is seeking to boost compliance with its Opec target, and from Iran which is also exempt.

Iran has been boosting exports in the last few years despite US sanctions remaining in place and is still pumping close to the highest levels since 2018.

Among countries posting higher output, there was a small increase in Nigeria which boosted exports, the survey found.

Opec pumped about 220,000 bpd more than the implied target for the nine members covered by supply cut agreements, with Iraq still accounting for the bulk of the excess, the survey found.

World Bank raises India growth forecast

REUTERS, New Delhi

The World Bank on Tuesday raised its Indian economic growth forecast to 7 percent for the current fiscal year, from an earlier estimate of 6.6 percent, helped by government spending on infrastructure.

India's economic growth slowed to 6.7 percent in April-June as a decline in government spending during national elections weighed, data showed last week.

The Asian nation's central bank expects the economy to grow 7.2 percent in the fiscal year 2024/25.

India's medium-term economic growth rate will remain strong at an average of 6.7 percent over the next two fiscal years, the World Bank said, adding it expects private investment to gradually come in and aid consumption recovery.

The main challenges to India's economy include job creation. The urban unemployment rate remains high at an average of 17 percent, the World Bank said.

Russia set to hike key rate by another 100 bps

REUTERS

Russia's central bank is expected to raise its benchmark interest rate by 100 basis points to 19 percent at its Sept. 13 meeting to combat inflation and cool the overheated economy, a Reuters poll of analysts showed on Monday.

The consensus forecast of 15 analysts polled by Reuters in late August and early September suggested annual inflation would end 2024 at 7 percent, down from the current rate of 9.1 percent but slightly up from the previous poll's forecast of 6.9 percent.

The central bank anticipates inflation in the range of 6.5-7 percent in 2024 as the supply of goods and services catches up with demand.

At its last meeting in July, the central bank raised its benchmark interest rate by 200 basis points to 18 percent, the highest level since April 2022, and indicated that tight monetary policy would remain for some time to achieve a sustainable slowdown in inflation.

Analysts predicted that the double-digit benchmark interest rate in Russia would remain until 2027, when it is expected to fall to 9 percent. The central bank forecasts an average benchmark rate of 7.5 percent-9.5 percent in 2027.

Analysts projected gross domestic product growth this year at 3.6 percent, below the updated official forecast of 3.9 percent announced by Finance Minister Anton Siluanov, following the release of strong data for the first half of the year.

Growth in capital investment, one of the factors behind strong economic growth, is forecast at 7 percent in 2024, down from 9.8 percent last year.

The rouble is expected to weaken by over 5 percent to 96.0 against the US dollar in a year, compared to the current official exchange rate of 91.19.

"Negative factors for the rouble include geopolitical and sanction risks, capital outflows, demand for foreign currency to buy back shares of Russian companies from foreign owners, and increased budgetary expenditures," said Mikhail Vasilyev, chief analyst at Sovcombank.

Observer appointed at Sonali Life Insurance

STAR BUSINESS REPORT

The finance ministry has appointed an observer at the troubled Sonali Life Insurance.

The ministry also asked the Insurance Development and Regulatory Authority (Idra) to appoint two independent directors to the board of Sonali Life, a directive that came months after the insurance regulator appointed an administrator to protect the interests of policyholders.

In an order by the Financial Institutions Division (FID) on September 2, the ministry appointed Md Shah Alam, additional secretary at the FID, as the observer.

Finance Adviser Salehuddin Ahmed approved this step to address the ongoing issues after the Idra suspended the board of directors and appointed an administrator at Sonali Life.

According to a letter issued in September, the FID has issued four directives to resolve the complications that have arisen after the administrators' appointment.

The letter said the Idra must appoint two independent

directors to the company, under the condition that Sonali Life Insurance withdraws all the writ petitions it has filed, to resolve the legal complications. The Idra will also take the necessary steps to appoint one of these directors as the chairman of the interim board.

The finance ministry also asked the Insurance Development and Regulatory Authority to appoint two independent directors to its board

Additionally, the audit firm appointed by Idra must submit its audit report upon the completion of the audit.

The letter emphasised that the interim board should expedite the process of forming a regular board, by the regulations, and ensure a smooth transition of responsibilities.

In mid-August, around 200 officials of Sonali Life Insurance staged a protest, accusing the chairman of the insurance regulator of corruption and

demanding his resignation. The protesters also called for the removal of the administrator appointed by the regulator at the premises of the Idra.

The demonstration occurred shortly after Sheikh Hasina resigned from the post of prime minister on August 5 following a mass uprising.

An audit earlier revealed that Sonali Life's former chairman Mostafa Golam Quddus, along with six of his family members, embezzled at least Tk 187.84 crore from the company. Quddus, who is also a former president of the Bangladesh Garment Manufacturers and Exporters Association, has denied any wrongdoing.

On July 25, the Anti-Corruption Commission filed a case against eight individuals, including Mostafa Golam Quddus, his six family members and a relative, over the embezzlement.

The Idra appointed Hoda Vasi Chowdhury and Co last July to conduct a comprehensive audit into the allegations of corruption and irregularities at Sonali Life Insurance.

Policy talk heats up in China on mixed factory data

ANN/CHINA DAILY

China's manufacturing data put up a mixed performance in August, thus increasing the necessity of launching additional macroeconomic policy support measures to ensure the achievement of the country's annual growth target, economists and analysts said.

The Caixin China General Manufacturing Purchasing Managers' Index, a privately gauged indicator of the operating conditions of the country's manufacturing sector, rose to 50.4 in August, up from 49.8 in July, media group Caixin said in a report on Monday.

Rising past the 50-mark that separates expansion from contraction, the latest data signaled that conditions in the manufacturing sector improved following a brief deterioration in July. The rate of improvement was only marginal, however, the report said.

Survey respondents revealed that better underlying demand conditions and promotional efforts underpinned the latest rise in new orders, though export orders were subdued, falling marginally for the first time so far this year.

Monday's data contrasted with the official PMI figure released on Saturday. The official PMI for the manufacturing

sector dropped from 49.4 in July to 49.1 in August, staying in contraction territory for the fourth consecutive month, said the National Bureau of Statistics.

Wang Zhe, a senior economist at Caixin Insight Group, said: "The Caixin manufacturing PMI for August

returned to expansionary territory, but the growth was limited. Considering the government's ambitious annual economic growth target, the challenges and difficulties in stabilizing growth over the coming months will be substantial."

China's GDP expanded by 5 percent

year-on-year in the first half, in line with the annual growth target. The growth momentum continued in July as consumer spending recovered, the speed of which, however, missed expectations while property woes continued to drag down fixed-asset investment.

"Prominent issues such as insufficient domestic demand, significant uncertainties in external demand and weak market optimism persist. There is still room for fiscal and monetary policy adjustments. There is an increasingly urgent need for China to enhance policy support and ensure the effective implementation of earlier policies," Wang said.

Pan Gongsheng, governor of the People's Bank of China, the country's central bank, said at a symposium last week that the PBOC will maintain a supportive monetary policy stance and explore incremental policy measures. The PBOC bought a net face value of government bonds worth 100 billion yuan (\$14 billion) in open market operations in August, injecting liquidity into the market.

Huang Hanquan, head of the Chinese Academy of Macroeconomic Research, which is affiliated with the National Development and Reform Commission, said policymakers should consider initiating a batch of new incremental policies.



Employees work at a factory that produces electric car charging stations in Ruichang, in central China's Jiangxi province.

PHOTO: AFP/FILE