

Star BUSINESS

The newly appointed board of National Bank will scrutinise all waived and written-off loans and interests, regardless of whether they were justified or not, says its chairman.

Interview on B4



Members of the army, Industrial Police, Rab and BGB are taking turns patrolling the industrial area in Ashulia in a bid to quell the unrest among factory workers.

PHOTO: AKLAKUR RAHMAN AKASH

Unrest to hit RMG exports

Many buyers are cancelling their trips to Bangladesh, industry people say

REFAYET ULLAH MIRDHA

The latest spell of unrest in the garment industry of Bangladesh will negatively impact its apparel exports as many international buyers are cancelling their trips to the country to finalise work orders for the coming seasons. Bangladesh had become a hotspot for international clothing retailers and brands despite the severe fallout of the Covid-19 pandemic and Russia-Ukraine war, which caused higher inflation in the Western world and disrupted the global supply chains.

This is mainly because the country became the first choice for sourcing garment items in the face of geopolitical tensions, such as the tariff war between the US and China.

Besides, local producers offer competitive prices and have improved their compliance with workplace safety standards following twin industrial accidents, namely the fire at Tazreen Fashions and the collapse of Rana Plaza factory.

Moreover, the country's capacity for supplying garment items has improved a lot thanks to increased investment in the production of diversified and value-added goods.

But if the persisting unrest in the industry continues for long, it will definitely affect the total apparel exports, said an official of a major European buyer seeking anonymity.

Citing that senior members of sourcing companies often visit factories in Bangladesh to finalise their work orders, the official said many of them have cancelled their trips as the industry remains in turmoil.

"We have already completed the placement of work orders for next summer and now we are planning for next winter. So, the buying trips are very important for us," the official said.

The official also informed that while their company has not cancelled any work orders, many requests for value-added garment items have either been cancelled or postponed by the other buyers.

Reiterating how safety is a big concern for international buyers, the official said their higher-ups think about a "Plan B" for sourcing apparel whenever buying trips are cancelled.

Besides, following risk assessment makes them think about whether the supplying companies would be able to ship their goods on time, the official added.

The official further said that reputational risk becomes a concern in such situations, especially since international buyers often consider negative social media posts before placing work orders in order to protect themselves from any backlash.

As such, the international buyers ultimately shift a portion of their work orders to other sourcing countries, the official said.

Many international buyers are saying that about 5 to 10 percent of their work orders could be affected by the latest spell of unrest in the garments industry alongside other domestic concerns.

READ MORE ON B3

Most stocks owned by Awami League leaders struggling

AHSAN HABIB

Share prices of most companies with directors connected to the immediate past Awami League government saw a big drop in the past month after the fall of Sheikh Hasina, though the market was in a rising trend during the period.

According to market analysts, politically powerful individuals often use their influence to benefit their companies. So, investors now fear that the regime change could lead to business losses.

This fear has prompted investors to sell shares in companies owned by politically powerful individuals, they said.

Another reason causing investors to worry is that a regime change may bring politically connected individuals under the scanner of the Anti Corruption Commission (ACC) and legal action against these individuals could impact businesses, especially in firms with poor corporate governance, they said.

Dhaka Stock Exchange (DSE) data shows that share price of Beximco Pharmaceuticals – whose Vice-Chairman Salman F Rahman was the former prime minister Sheikh Hasina's private industry and investment adviser – dropped 26 percent in the past month.

Stocks of Beximco Ltd, another company owned by Rahman, are stuck at the floor price and cannot fall further due to the price-curb mechanism.

Shinepukur Ceramics, also with Rahman as vice-chairman, saw its shares plummet 39 percent in the past month.

Similar declines were observed in Sea Pearl Beach Resort, Summit Power, Sonar Bangla Insurance, Sandhani Life Insurance, BD Thai Food and some others.

Investors consider three primary factors when investing: the company's financial situation, political aspects and people's perception of the company, according to Minhaz Mannan Emon, a former director of the DSE.

While there are other factors to consider, Emon said these are the major perspectives. Investors are aware that the owners of these companies were connected to the former government, which benefited their businesses in many ways.

With the regime change in the first week of August, some of these individuals are now fugitives, arrested, or fled the country.

READ MORE ON B3

Adani repeatedly pressing for \$800m electricity dues

ASIFUR RAHMAN

India's Adani Group has been repeatedly requesting the interim government to immediately clear dues of around \$800 million on their electricity sales, according to officials of Bangladesh Power Development Board (PDB).

Multiple officials confirmed that the group recently asked the PDB, the Ministry of Power, Energy and Mineral Resources, Bangladesh Bank and the interim government's chief adviser several times to clear the outstanding bill.

According to the officials, the average monthly bill for the purchase of power from Adani Power Jharkhand Limited is of \$90 million to \$100 million, whereas the PDB has been able to pay only \$20 million to \$30 million.

The due has been accumulating over a span of around eight months.

The PDB signed a 25-year power purchase agreement (PPA) in November 2017 to avail 1,496 megawatts (MW) of electricity from the plant, located in Jharkhand's Godda district.

It is around 10 percent of the country's peak power demand.

The PDB officials said Adani Group sent letters to them asking to at least clear the bills of June and July.

"We are forced to inform you that Godda plant is struggling hard to sustain its operations on account of running expenses towards procurement of coal, debt service obligations, operation and maintenance," a PDB official quoted the letter as saying.

Adani Group repeatedly requested the PDB to clear the dues, pointing out it was to ensure supply of uninterrupted power, he said.

The PDB cleared only \$27 million in July and \$13.81 million in August.

"Such meagre payments against the average monthly invoice amount of \$90-100 million has resulted in overdue amounts reaching an alarming level of \$797.58 million as on August 19," said the letter.

It remains to be known whether any payment has been made after this date.

PDB Member (company affairs) Md Shamsul Alam and Chief Engineer ABM Ziaul Haque were not available over the phone for comment yesterday.

Adani Group's letter mentioned that though they have not received payments in due time, they were continuously supplying electricity.

READ MORE ON B3

Interest rate spread rises to highest level since 2003

Borrowers pay higher but savers get lower rates

SOHEL PARVEZ

The spread between interest rates on deposits and loans rose to 6.03 percent, the highest in two decades, indicating that banks are making money at the expense of depositors and borrowers.

The spread, which fell to 2.93 percent in June 2023, began increasing as the interest rate started moving upwards since July last year, when the Bangladesh Bank lifted the 9 percent cap on lending and introduced the Six-months Moving Average Rate of Treasury bills (SMART).

The central bank introduced the formula in line with the prescription of the International Monetary Fund (IMF) to contain persistent inflation by allowing the market to determine the interest rate gradually.

The Bangladesh Bank later in May this year scrapped the SMART so that the interest rate becomes fully market driven.

Central bank data showed that over the last year, interest on deposits and loans grew. However, the extent of the spike in the interest rate on advances or loans was higher than the increase in the rate of deposits.

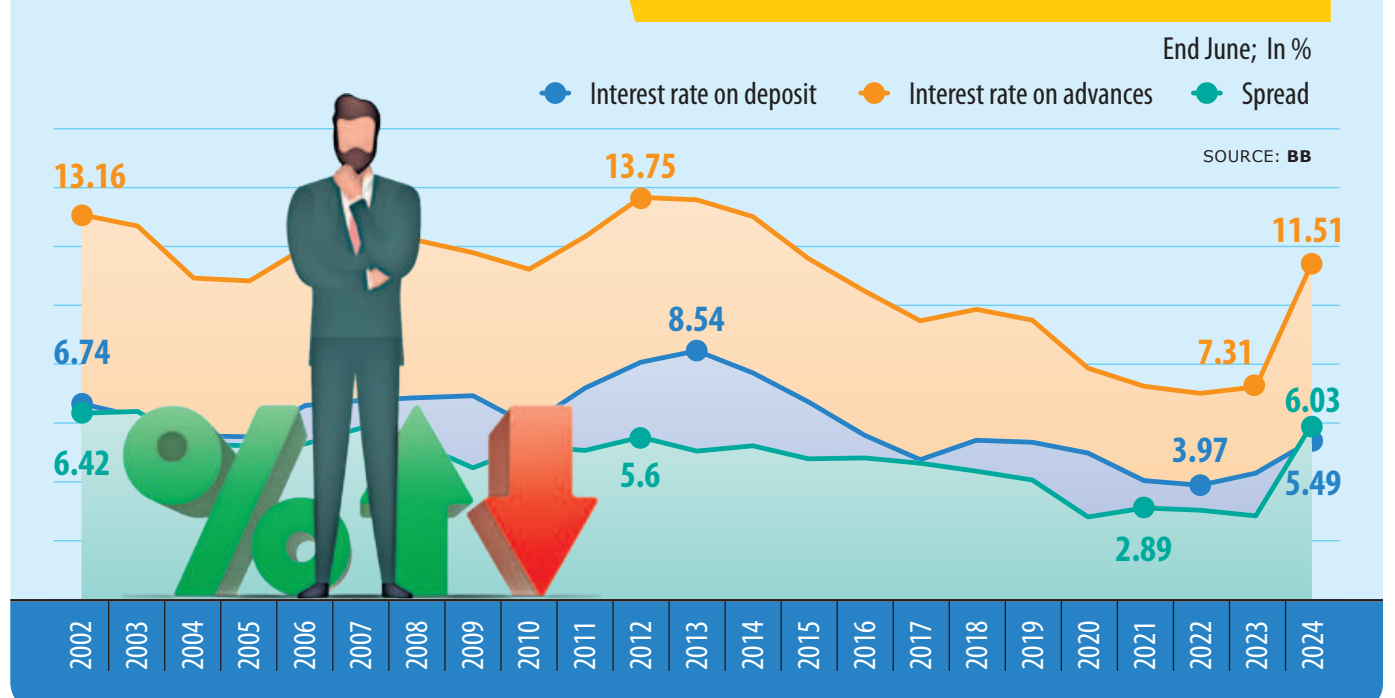
For instance, the weighted average interest rate on deposits rose by 1.11 percentage points to 4.46 percent in June this year from 4.38 percent a year ago.

The weighted average interest rate on advances soared 4.21 percentage points to 11.52 percent in June this year from 7.31 percent in June 2023, according to the data.

This widened the spread between the lending and deposit rates offered by banks above 6 percent which was recorded last in December 2003.

At the end of 2003, the spread between weighted average lending and deposit rates was 6.11 percent.

TREND OF INTEREST RATE SPREAD



Since then, it had been falling before starting to regain at the onset of FY24. The spread stood at a two-decade high when the year that ended on June 30.

"It is unusual. It is too much. The high gap shows that banks are ultimately benefiting," said Shah Md Ahsan Habib, a professor at the Bangladesh Institute of Bank Management.

He said the interest rate spread should be between 3 and 4 percent or 5 percent at best.

"Savers must benefit from the interest rate spike. But the current spread

indicates that they are not," Habib added.

On the other hand, borrowers are retraining from borrowing because of increasing interest rates and this is not an expected outcome of the market-driven interest rate system, he added.

"This high difference shows that the operational costs of banks are high," said Habib, adding that the central bank should give a signal to the market to bring down the spread.

Mohammad Ali, managing director and CEO of Pubali Bank PLC, one of the oldest banks in the country, said one of

the main factors is the interest differential between cash-rich and cash-starved banks.

"Banks suffering from a cash crisis are offering as much as 11.5 percent interest on fixed deposits. On the other hand, banks that do not have cash shortages are giving low interest rates," he added.

Various bankers said troubled banks have not hiked the interest on deposits and savers there are facing difficulty in withdrawing their deposits. However, they increased the interest rate on loans.

READ MORE ON B2

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BANK ON
ZERO-MB

Grameenphone users can now get banking done on MyPrime app without incurring any extra internet charge

Prime Bank



Eurozone Q2 economic growth revised down

AFP, Brussels

The eurozone economy's growth in the second quarter this year was slightly smaller than previously estimated after the EU's statistics agency on Friday revised its data.

The 20-country single currency zone's recorded economic growth of 0.2 percent between April and June from the previous quarter, down from the 0.3 percent estimate in July. Eurostat also revised its figure for the 27-country European Union's economy, which expanded by 0.2 percent, slightly lower than the previous estimate of 0.3 percent.

Analysts surveyed by FactSet and Bloomberg had forecast the eurozone economy to grow by 0.2 percent before the first estimate was published in July.

The revisions will likely add to concerns about the eurozone, especially over Germany, Europe's largest economy, which is weighing on the area's performance.

Walton declares 350% cash dividend

STAR BUSINESS DESK

Walton Hi-Tech Industries has declared a 350 percent cash dividend for its general shareholders for the financial year 2023-24, despite adverse economic situations.

General shareholders will get a cash dividend of Tk 35 per share.

But, sponsors and directors have opted for a 200 percent cash dividend for the same period, meaning that sponsors and directors of the company will get Tk 20 cash dividend per share.

These decisions were made after the review and approval of the audited financial statements for the year ending June 30, 2024, by the board of directors at their 40th board meeting at the company's head office in Dhaka, said a press release.

To approve the dividend and financial statements, Walton has scheduled an annual general meeting on October 29, 2024. The record date is September 30, 2024.

According to the company's disclosure,

its operating profit margin improved while finance costs decreased in FY 2023-24 compared to the previous fiscal year. As a result, net profit after tax increased by Tk 573.85 crore to Tk 1,356.53 crore.



Thus, the company's earnings per share rose to Tk 44.78 for the year ending June 30, 2024, from Tk 25.84 in the same period of the previous year.

The company reported a net asset value per share of Tk 379.30 with revaluation and Tk 277.86 without revaluation for the year ending June 30, 2024.

These figures were higher than the corresponding values of Tk 343.73 with revaluation and Tk 242.18 without

revaluation for the previous year.

The company's net operating cash flows per share (NOCFPS) stood at Tk 56.96 for the year ending June 30, 2024 -- down from Tk 111.84 in the previous year.

The decline in NOCFPS was due to increased payments to suppliers and the government. These payments were necessary for input purchases and sustained sales growth.

Company sources said their efficient management was able to reduce operating cost in various sectors despite adverse situations, resulting in the company's various financial indicators having also improved greatly.

Also, the company's profit increased at the expected rate due to the increase in sales following expansion of business in domestic and international markets.

Walton management expressed optimism that the company will be able to maintain the profit growth in the coming years.

Abdul Awal new chairman of Mercantile Bank risk management committee

STAR BUSINESS DESK



Mohammad Abdul Awal (Sumon) has been elected the chairman of the risk management committee of Mercantile Bank PLC.

The election was held at the bank's 448th board meeting in Dhaka recently, the bank said in a press release.

Awal, former chairman of Express Insurance Limited, is the managing director of Synthia Securities Limited.

He is involved in different financial institutions and businesses.

He is a member of non-profit organisation 'Abdur Razzak and Mohammad Selim Foundation'.

Awal has a deep affinity for socio-cultural activities and linked with various organisations, including Dhaka Club Ltd, Dhanmondi Club Ltd and Gulshan North Club.

Meghna Bank, Sheba sign MoU on service benefits

STAR BUSINESS DESK

Meghna Bank PLC has recently signed a memorandum of understanding (MoU) with Sheba.XYZ, an on-demand service delivery platform in Bangladesh.

Kimiwa Saddat, deputy managing director of the bank, and Ronald Micky, chief operating officer of the on-demand service delivery platform, penned the MoU at the bank's head office in the capital's Gulshan, the bank said in a press release.

Under this agreement, the bank's cardholders and employees will enjoy special service benefits on the platform.

Moksedur Rahman, head of cards (in-charge) of the bank, and Sultanul Arefin Sunny, head of alliance, and Faisal Ibna Islam, manager of corporate sales of Sheba.XYZ, along with other senior officials from both the organisations were also present.



PHOTO: MEGHNA BANK

Kimiwa Saddat, deputy managing director of Meghna Bank, and Ronald Micky, chief operating officer of Sheba.XYZ, pose for photographs after signing a memorandum of understanding at the bank's head office in Gulshan recently.

China pauses gold purchases

REUTERS

China's central bank held back on buying gold for its reserves for a fourth straight month in August, official data showed on Saturday.

China's gold holdings stood at 72.8 million fine troy ounces at the end of last month. The value of the gold reserves, however, rose to \$182.98 billion compared with \$176.64 billion at the end of July.

Gold prices have been rising this year amid bets that US rate cuts are imminent and due to safe-haven demand driven by geopolitical and economic uncertainty, with central banks making robust purchases.

Community Bank holds its 56th board meeting



Inspector General of Police Md Mainul Islam, chairman of Community Bank Bangladesh PLC, presides over the bank's 56th board meeting at the Police Headquarters in Dhaka recently. PHOTO: COMMUNITY BANK BANGLADESH

STAR BUSINESS DESK

Community Bank Bangladesh PLC held its 56th board meeting at the Police Headquarters in Dhaka recently.

Inspector General of Police (IGP) Md Mainul Islam, who is the chairman of the bank, presided over the meeting, said a press release.

During the meeting, a number of important decisions were taken about the investment proposals and different policy agenda of the bank, the press release added.

Abu Hasan Muhammad Tarique, additional IG (finance) of Bangladesh Police, Md Tawfiq Mahub Chowdhury, additional IG, Shoeb Reaz Alam, deputy IG for development revenue-1, Md Aminul Islam, DIG (admin), Quazi Zia Uddin, DIG (human resources), Muntashirul Islam, additional DIG (police welfare trust), and Sufian Ahmed, additional DIG (DC, Dhaka Metropolitan Police), attended the meeting.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (SEP 7, 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 38-Tk 45	-2.35 ↓	-12.63 ↓
Lentil (kg)	Tk 105-Tk 110	0	10.26 ↑
Soybean (litre)	Tk 148-Tk 158	2.00 ↑	-2.86 ↓
Potato (kg)	Tk 55-Tk 60	0	32.18 ↑
Onion (kg)	Tk 110-Tk 120	0	35.29 ↑
Egg (4 pcs)	Tk 52-Tk 55	2.88 ↑	3.88 ↑

SOURCE: TCB

Al-Arafah Islami Bank opens its 224th branch in Chandpur

STAR BUSINESS DESK

Al-Arafah Islami Bank PLC opened its 224th branch in Chandpur recently.

Farman R Chowdhury, managing director and CEO of the bank, inaugurated the branch as the chief guest, the bank said in a press release.

Chowdhury said that the country's socioeconomic development is possible along with halal business management through Islamic banking system.

"The country's Islamic banking system has already succeeded in proving that," he said.

Later, he explained various statistics of the bank and assured the best services for its clients.

Shabbir Ahmed, additional managing director of the bank, and Md Aminul Islam Bhuiyan, Syed Masudul Bari, Muhammed Nadim, Md Abdullah Al Mamun, Md Fazlur Rahman Chowdhury, and Md Asaduzzaman Bhuiyan, deputy managing directors, were present.

Abdur Rahim Duary, senior executive vice president and Sylhet zonal head, presided over the ceremony, where Subhash Chandra Roy, senior vice-president of the Chandpur Chamber of Commerce and Industries, Md Nuruzzaman, manager of Chandpur branch at Islami Bank Bangladesh PLC, ANM Nurur Rahman, lecturer of Hajiganj Aliya Madrasa, also attended.



Farman R Chowdhury, managing director and CEO of Al-Arafah Islami Bank PLC, cuts a ribbon to inaugurate a branch in Chandpur as chief guest from the bank's head office in Dhaka recently. PHOTO: AL-ARAFAH ISLAMI BANK

Eastern Bank opens 38th sub-branch at Chandaikona

STAR BUSINESS DESK

Eastern Bank PLC recently opened its 38th sub-branch at Chandaikona of Raiganj upazila in Sirajganj.

M Khorshed Anowar, Eastern Bank's retail and SME banking head, inaugurated the sub-branch, the bank said in a press release. The bank has been gradually expanding its sub-branch network to provide banking facilities across the country. As part of it, it opened the branch to provide banking services to the doorsteps of the customers, the press release added.

Istiaq Ahmed, head of outstation, along with other senior officials of the bank, and local dignitaries were also present.

Interest rate spread rises to highest level

FROM PAGE B1

Various bankers said troubled banks have not hiked the interest on deposits and savers there are facing difficulty in withdrawing their deposits. However, they increased the interest rate on loans.

"They are practically not giving any loans. What we see is paperwork," said a top banker on condition of anonymity.

Ali said the profits of some banks have increased because of the higher spread.

"Because of goodwill, we are getting fixed deposits every day. So, driven by markets, we are bringing down the interest rate. However, we have not increased the rate on loans to that extent," he added.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank PLC, said the spread between deposits and loans has increased due to low rates offered by some foreign banks.

"Their cost of deposits is much lower than ours. Their organisations are lean and have a small number of branches. Besides, they get some deposits automatically," he added.

Rahman also said that amid concerns regarding the health of

banks, savers now look for sound banks to park their funds.

"Besides, many individuals now invest in government treasury bonds to reap the benefit of high interest rates and avoid risk," he added.

Monzur Hossain, research director of the Bangladesh Institute of Development Studies, said the high spread hurts both depositors and borrowers.

He believes the interest rate spread in developing countries like Bangladesh should not cross 5 percent.

"The best would be to keep the gap at 4 to 4.5 percent in line with international best practices," he said.

"Otherwise, the widened gap indicates the inefficiency of the financial sector. It shows that they [banks] are depending on interest incomes. Banks should maintain a rational spread," Hossain added.

The Bangladesh Bank data shows that the spread between weighted average deposits and advances stood at 6 percent, excluding the high interest-bearing credit card. However, the gap widens further to 6.11 percent if the interest rates for consumer credit are taken out of the overall weighted average rates.

National Bank's new board

FROM PAGE B4

To deceive shareholders, the bank showed the due interests in the interest income. As it was shown as income, the bank had to pay 40 percent income tax to the government, and they also paid the dividend.

So, its impact was Tk 4,800 crore on the bank, he said.

"If we say that there were irregularities in the bank, it would be underestimated, it was actually robbed."

Most importantly, everything was

done in the bank, be it giving loans, interest waivers or loan write-offs, it was done either with the permission of the Bangladesh Bank or with the knowledge of the regulator.

"And it [the regulator] has not taken any action against them," Mintoo said.

Mintoo was elected president of the Federation of Bangladesh Chambers of Commerce and Industry in 1998 for the first time and re-elected in 2003. He is the author of several books, including "Bangladesh: Anatomy of Change".



M Khorshed Anowar, head of retail and SME banking of Eastern Bank PLC, cuts a ribbon to inaugurate its 38th sub-branch at Chandaikona of Raiganj upazila in Sirajganj recently. PHOTO: EASTERN BANK

No limit on cash withdrawals from today

STAR BUSINESS REPORT

Bangladesh Bank (BB) has lifted the limit on cash withdrawals from banks in view of overall improvements in law and order.

Customers will be able to withdraw any amount of funds from today, BB Executive Director and Spokesperson Md Mezbaul Haque told The Daily Star yesterday.

"Cash withdrawal restrictions will no longer be applicable from Sunday onwards," he added.

The relaxation comes a month after the BB imposed the restriction amidst a deterioration in law and order.

At that time, law enforcers were abstaining from their duties following deadly attacks and clashes centring an uprising which led to Sheikh Hasina's resignation from the post of prime minister on August 5.

The central bank on August 7 asked banks to limit daily cash withdrawals to Tk 1 lakh per account.

Since then, it has been gradually relaxing the cap.

Last week, customers were barred from withdrawing over Tk 5 lakh a day per account.

The withdrawal limit was Tk 4 lakh in the previous week.



Garment workers stitch shirts at a textile factory in Hindupur town in the southern state of Andhra Pradesh, India. India's share in global exports of apparel, leather, textiles, and footwear initially grew from 0.9 percent in 2002 to a peak of 4.5 percent in 2013, but it subsequently declined to 3.5 percent in 2022, said a report.

PHOTO: REUTERS/FILE

Bangladesh, Vietnam overtake India in low-cost manufacturing: WB

STAR BUSINESS REPORT

India's share in global trade has not kept up with its fast growing economy, as Vietnam and Bangladesh have surpassed the country as low-cost manufacturing and export hubs, according to a recent report of World Bank (WB).

Despite India's rapid economic growth, the proportion of trade in goods and services as a percentage of its gross domestic product (GDP) declined over the past decade, said the multilateral lender in the report.

"India's share in global exports of apparel, leather, textiles, and footwear (ALTF) initially grew from 0.9 percent in 2002 to a peak of 4.5 percent in 2013, but it subsequently declined to 3.5 percent in 2022," said the report.

In contrast, Bangladesh and Vietnam have achieved strong growth, with Bangladesh

reaching 5.1 percent and Vietnam 5.9 percent of global ALTF exports in 2022, added the report released last Tuesday.

It also said as China's participation in low-skill manufacturing decreases due to rising wages, India can do more to capitalise on this opportunity.

Currently, countries such as Bangladesh and Vietnam, and even advanced economies such as Germany and the Netherlands, have become the primary beneficiaries of China's shrinking market share.

Among the top five beneficiaries of China's loss in the share of global exports from low skill sectors between 2015 and 2022, Bangladesh was in top position followed by Vietnam and Poland, said the report.

The WB recommended that India reduce trade costs, lower trade barriers, and deepen trade integration to remain competitive.

"This is an area where India could focus on...This is a call to action," Nora Dihel, a senior economist at the World Bank, was quoted by Bloomberg as saying to journalists in New Delhi.

Prime Minister Narendra Modi's ambition is to make India a manufacturing hub as businesses diversify their supply chains from China.

Modi's government has spent billions of dollars in subsidies to attract investment in industries such as electronics and chip-making, added the Bloomberg report.

The WB expects the Indian economy to continue its rapid growth at a rate of 7 percent in the current fiscal year, ending in March 2025, following a growth rate of over 8 percent in the previous year.

The multilateral lender also forecasts India's growth to average at 6.7 percent for fiscal years 2025-26 and 2026-27.

Market monitoring should protect consumers, producers alike

Says Salehuddin Ahmed

STAR BUSINESS REPORT

The interests of both consumers and producers of goods, including essential food commodities, need to be kept in mind during market monitoring, said Salehuddin Ahmed, finance and commerce adviser to the interim government, yesterday.

While there will be regular market monitoring to prevent supply and price manipulation to safeguard consumers, it is also important to ensure that producers get their fair share of returns, he said.

The interim government is committed to cracking down on price manipulators and district administrations have already been instructed to intensify monitoring to end the malpractices, he said.

Prices of essential goods have started to decrease and are expected to fall further soon. To this end, some initiatives, such as a reduction in duties on potato and onion imports to 15 percent and 5 percent, respectively, are already underway, he said.

Ahmed urged all stakeholders to keep an eye on not only Karwan Bazar in Dhaka but also other major marketplaces across the country to get a more comprehensive view of price trends.

He made the remarks while speaking to journalists after a meeting at the Bangladesh Institute of Governance and Management (BIGM) in Dhaka.

When asked about ongoing labour unrest at various garment factories, he said discussions were being held among factory owners, workers and political parties to restore stability. He expressed optimism that the talks would help ease tensions.

On issues related to the financial sector, Ahmed said that the interim government had targeted serious offenders.

The authorities have already frozen bank accounts of several individuals and investigations are underway, which would determine the next course of action, he said.



Unrest to hit RMG exports

FROM PAGE B1

"But the shipment of value-added garments will see the most difficulty," the official added.

Bakhtiar Uddin Ahmed, chief operating officer of Fakir Apparels Limited, said his buyers did not cancel any work orders till now as his products are specialised.

He explained that is because it is not possible to quickly shift work orders for specialised products elsewhere as the production of these goods requires specific designs and specialised materials.

Kutubuddin Ahmed, chairman of Envoy Legacy and Sheltech Group, said the unrest has already impacted garment exports as many producers will have to provide discounts and face expensive air shipment alongside shifting of work orders due to delayed production.

The international clothing retailers and brands seek discounts and air shipments from suppliers if the goods are not shipped and received on time, he added.

Md Towhidur Rahman, president of the Bangladesh Apparels Workers Federation, said the unrest is taking place as a certain quarter of people are instigating workers amid the political changeover.

But the workers in some factories have genuine demands, such as ensuring timely payment of their wages and stopping unlawful contract terminations, he added.

Amirul Haque Amin, president

of the National Garment Workers Federation, echoed the same while pointing out that workers at several factories have yet to be paid their wages for July.

"This is a major reason for the unrest," he said.

Amin also said the garment industry has some related businesses, such as for supplying meals and transport to workers as well as selling garment waste from the factories, among others.

But with the regime change, new providers of such services have been vying for control and are often clashing with rival businesses or even the workers, Amin added.

Khandoker Rafiqul Islam, president of the Bangladesh Garment Manufacturers and Exporters Association, said more than 96 percent of the production units have already reopened as normalcy is being restored gradually.

Only 43 garment factories had not reopened as of yesterday, he added.

Islam informed that during a meeting yesterday, the trade body instructed factory owners to be present at their units in order to give their workers confidence.

Islam said the garment factories were shut for 14 days during the anti-discrimination student movement that culminated in the ouster of the Awami League government led by Sheikh Hasina on August 5.

Now though, the factories were shut for three to four days amid the

recent violence.

"The buyers are asking about whether timely shipment of goods can be ensured as they are also worried about production in the factories," he added.

Adani

FROM PAGE B1

Data of Power Grid Bangladesh PLC shows that Bangladesh was receiving over 1,000MW of electricity from the power plant.

If the payments are delayed further, the power plant may stop running for a shortage of coal and funds and to meet operation and maintenance expenses, stated another concerned PDB official.

If this happens, the PDB will be faced with a power shortage, much like what had happened in the second half of August, he said.

According to him, although the power plant cited technical glitches during that time, it might have actually come about over the dues.

Earlier, Muhammad Fouzul Kabir Khan, adviser to the power, energy and mineral resources ministry, had sought budgetary support from multilateral lenders, including World Bank and Asian Development Bank, several times.

The outstanding import bill of the power and energy sector's suppliers amounts to around \$2.2 billion, he said.

Most stocks owned by Awami League

FROM PAGE B1

He said as the politically connected entrepreneurs contributed to the businesses, investors are now understandably concerned about the future of the business ventures.

Many investors are selling shares and incurring losses, hoping to offset these losses with higher profits in other companies, Emon added.

However, he said investors should not be afraid as most of these companies have a strong corporate culture and will continue to operate even in the absence of their entrepreneurs.

In the past month, stocks of Sea Pearl, owned by former member of parliament from the Awami League Md Aminul Haque, fell 22 percent.

Stocks of BD Thai Food, with several family members of former health minister Zahid Maleque on its board, declined by 15 percent.

Summit Power's stocks dropped 14 percent. Several family members of former commerce minister Faruk Khan are on the board of this power generation company.

In the past month, Sheikh Hasina's relative Sheikh Kabir Hossain's Sonar Bangla Insurance fell 5 percent and former state minister for commerce Ahsanul Islam's Sandhani Life Insurance dropped 12 percent.

Doreen Power, with its top management involved in previous ruling Awami League politics, declined by 20 percent.

However, the banking sector showed almost an opposite trend during the period.

For example, United Commercial Bank (UCB), which was previously controlled by former land minister Saifuzzaman Chowdhury Javed before being freed from political influence in the last week of August, saw its share prices advancing.

According to industry insiders, the interim government's decision to change the board of directors of banks and other financial institutions, coupled with the financial reform efforts by the authorities, contributed to the increase in their share prices.

Similar to UCB, IFIC Bank, with

Salman F Rahman acting as its board's chairman since 2015 before being recently ousted, saw its shares rise in the past month.

Shares of several other banks, with controversial conglomerate S Alam Group Chairman Mohammed Saiful Alam and his relatives on the boards, also rose in the period.

Requesting not to be named, a top asset manager said some entrepreneurs used their power to secure government contracts for their companies to make higher gains.

But a regime change could reverse this situation, impacting their financial performance and causing investors to sell shares, even though the overall market index has risen during this period.

The DSEX, the benchmark index of the DSE, rose by 500 points, or 9.54 percent, in the past one month, according to DSE data.

If the companies follow proper corporate governance, investors should not be afraid, added the asset manager.

Government of the People's Republic of Bangladesh
Smallholder Agricultural Competitiveness Project (SACP) (DAM Part)
Department of Agricultural Marketing
Sech Bhaban, (Level-6), 22, Manik Miya Avenue, Dhaka

Invitation for Tenders (Catering Service/Event Management) for 4 (Four) Packages

1	Ministry/Division	Ministry of Agriculture		
2	Agency	Department of Agricultural Marketing		
3	Name of Procuring Entity	Component Director, Smallholder Agricultural Competitiveness Project (DAM Part)		
4	Invitation for	Catering Service/Event Management Service		
5	Invitation Reference	Memo No. 12.02.0000.541.41.001 (Part-2) 22-132, Date: 05/09/2024		
6	Procurement Method	Open Tendering Method (OTM)		
7	Budget and Source of Fund	Development Fund, GoB and IFAD		
8	Project Code	224263700		
9	Package Name	<p>Package SD-2: Food for the participants of 1200 batches farmers training on Postharvest and Primary Processing (PHP) at 23 Upazilas under SACP</p> <p>Package SD-3: Food for the participants of 1350 batches farmers training on Business Management Skills (BMS) at 30 Upazilas under SACP</p> <p>Package SD-8/RAINS: Food for the participants of 800 batches day long farmers' training on Business Management Skills (BMS) at 60 Upazilas of 14 Districts of SACP-RAINS Project.</p> <p>Package SD-9/RAINS: Food for the participants of 20 batches 5 (five) day long training on Entrepreneurship Development at 14 Districts of SACP-RAINS Project areas.</p>		
10	Tender Publication Date	08/09/2024		
11	Tender Last Selling Date	22/09/2024 (within office hours)		
12	Tender Submission Date and Time	23/09/2024 up to 14:00PM		
13	Tender Opening Date and Time	23/09/2024 at 14:30PM		
14	Office Address of Selling and Receiving, Tender Document	1. Component Director's Office Smallholder Agricultural Competitiveness Project (DAM Part) Department of Agricultural Marketing Sech Bhaban (Level-6), 22 Manik Miya Avenue, Dhaka.		2. Director General Office Department of Agricultural Marketing, Front Building (4 th Floor), Khamarbari, Dhaka.
15	Office Address of Opening Tender Document	Component Director's Office Smallholder Agricultural Competitiveness Project (DAM Part) Department of Agricultural Marketing, Sech Bhaban (Level-6), 22 Manik Miya Avenue, Dhaka.		
16	Eligibility of Tenderer	<p>a) Updated Trade License, VAT Registration Certificate, and Income Tax Certificates</p> <p>b) Five (Five) or more years of experience of catering service/event management providing food items in Govt./Semi-Govt./Autonomous/Recognized International Organization</p> <p>c) Specific Experience of (Catering Service/Event Management):</p> <p>For Package SD-2: Experience of at least 03 (three) contract of similar nature, complexity and methods/technology over a period of last 03 (three) years each with a value of at least of Tk 130.0 Lac (One Crore thirty lac)</p> <p>For Package SD-3: Experience of at least 03 (three) contract of similar nature, complexity and methods/technology over a period of last 03 (three) years each with a value of at least of Tk 150.0 Lac (One Crore Fifty lac)</p> <p>For Package SD-8/RAINS: Experience of at least 03 (three) contract of similar nature, complexity and methods/technology over a period of last 03 (three) years each with a value of at least of Tk 110.0 Lac (One Crore ten lac)</p> <p>For Package SD-9/RAINS: Experience of at least 03 (three) contract of similar nature, complexity and methods/technology over a period of last 03 (three) years each with a value of at least of Tk 15.0 Lac (Fifteen lac)</p> <p>d) Required Average Annual Turnover:</p> <p>For Package SD-2, SD-3 and SD-8/RAINS: Required Average annual turnover at least of the amount of Tk 300.0 lac over the last three years for each.</p> <p>For Package SD-9/RAINS: Required Average annual turnover at least of the amount of Tk 30.0 lac last three years.</p> <p>e) Bank Solvency Certificate and liquid assets</p> <p>For Package SD-2: Bank Solvency Certificate and liquid assets i.e. working capital or credit line of BDT 130.0 Lac</p> <p>For Package SD-3: Bank Solvency Certificate and liquid assets i.e. working capital or credit line of BDT 150.0 Lac</p> <p>For Package SD-8/RAINS: Bank Solvency Certificate and liquid assets i.e. working capital or credit line of BDT 110.0 Lac</p> <p>For Package SD-9/RAINS: Bank Solvency Certificate and liquid assets i.e. working capital or credit line of BDT 30.0 Lac</p> <p>f) Proof of set up of food service in training providing Areas (own set up or MoU/LoA with food service provider)</p> <p>g) At least one contact person's details for each Upazila who is responsible for delivering food</p> <p>h) Must have its separate own/rented office and trustworthy Catering/Event Management service.</p> <p>i) The bidders can either bid for one package or more and could be awarded more than one package if they satisfy the aggregate qualification criteria.</p>		
17	Price of Tender Document	For SD-2, SD-3 and SD-8/RAINS: BDT 2,000/- (Two Thousand only) for each. For SD-9/RAINS: BDT 1,000/- (One Thousand only)		
18	Description of Service	Supplying Lunch and Refreshment items at farmers training program		
	Package No and Identification	Description of Package	Location	Tender Security Amount (Tk)
	SACP/DAM/PHP Food /SD-2/2024-25	Lunch and Refreshment for the Participants of 1200 batches PHP Farmers Training	23 Different Upazila of SACP Project	BDT 4,00,000/- (Four lac only)
	SACP/DAM/BMS Food /SD-3/2023-24	Lunch and Refreshment for the Participants of 1350 batches BMS Farmers Training	30 Different Upazila of SACP Project	BDT 5,00,000/- (Five lac only)
	SACP/RAINS/BMS Food/SD-8/2023-24	Lunch and Refreshment for the Participants of 800 batches BMS Farmers Training	14 Different Districts of SACP-RAINS Project	BDT 4,00,000/- (Four lac only)
	SACP/RAINS/Entre Food/SD-9/2023-24	Lunch and Refreshment for the Participants of 20 batches Entrepreneurship Training under RAINS	14 Different Districts of SACP-RAINS Project	BDT 50,000/- (Fifty Thousand) only
19	Name and Contact Details of Procuring Entity	Dr. Mohammed Razu Ahmed, Component Director Smallholder Agricultural Competitiveness Project (SACP) Department of Agricultural Marketing, Sech Bhaban, 22, Manik Miya Avenue, Dhaka, Contact No: 9014420		
20	Reserved Right	The procuring entity reserves the right to accept or reject any or all tenders		
21	Procurement Rules	The tender will be performed according to the Public Procurement Rules - 2008		

Dr. Mohammed Razu Ahmed 05/9/24
Component Director
Smallholder Agricultural Competitiveness Project (SACP)
Department of Agricultural Marketing

GD-366

National Bank's new board to scrutinise all waived and written-off loans

Chairman Abdul Awal Mintoo says in an interview

AHSAN HABIB

The newly appointed board of National Bank PLC (NBL) will scrutinise all waived and written-off loans and interests, regardless of whether they were justified or not. The board will also evaluate all violations of banking norms and laws that occurred in the past 15 years.

Abdul Awal Mintoo, the newly appointed chairman of the bank, made this comment to The Daily Star in an interview on Wednesday (August 4).

He has already ordered the bank management to provide a complete list of written-off loans since 2010. These loans were written-off from the bank's books, but the clients still owe the money.

A list of all waived interest and principal amounts has also been sought. The board will evaluate each item to determine its justification, he said.



Two photo frames – prominently displayed side by side on a wall of his office – show Mintoo with two former prime ministers: Sheikh Hasina and Begum Khaleda Zia. He is also the former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Mintoo completed his BSc and MSc degrees from the Maritime College, State University of New York. In 1982, he left his international shipping career and returned to Bangladesh.

He said that during the last 15 years, while the bank was being corrupted, he tried to speak out. But the Sikder family, having taken control of the bank, prevented others from speaking and the central bank supported them.

"Many managers were beaten by the Sikder family to follow their unlawful orders, and the central bank was aware of this," Mintoo said. "Despite that, the central bank allowed the family to maintain control of the bank."

"In my judgement, the Bangladesh Bank has an obligation to provide support for three reasons: for the sake of the country's economy, for the sake of depositors and for the sake of customers who are involved in production. They are the lender of the last resort," he added.

"I don't want the central bank to print money for us. It can create a money instrument for the bank, but this is only for the very short term," Mintoo said.

If the central bank provides the bank with Tk 8,000 to Tk 10,000 crore, the bank will return around Tk 6,500 crore to fulfill the cash reserve ratio (CRR) and statutory liquidity requirement (SLR). The remaining funds will be used to address normal cash flow deficits.

Mintoo hoped that the bank would not require further support after six months. Within the next six months, the bank will sit with all defaulting clients. Some may face legal action, while others will begin repaying under effective negotiations.

"I am confident that NBL will be able to return all the deposits that were withdrawn in the last several months," Mintoo said.

In 1984, at the age of 32, Mintoo joined the board of directors of the bank. He later served as the chairman of the bank before leaving the board when his term expired, abiding by banking regulations.

Mintoo always had a shareholding in the bank but was not interested in rejoining the board.

"Serving on the board cannot add value to me, but it can add value to those who steal money," he said. "But I want to add value to the bank, so I accepted the responsibility."

Mintoo said the central bank should provide support because it dissolved the bank's board with good intentions and selected him by its own choice.

Upon joining the bank, he found a negative cash flow and a reduction in deposits of around Tk 7,000 crore amid several negative news reports about the bank.

High default loans have caused the bank's interest payments to exceed its interest earnings. As deposits have declined, the advance deposit ratio has risen above the ceiling, leading to imbalances in most indicators.

I can assure you that every defaulter will be pursued with the maximum force of law. No one will receive any favours from NBL.

Abdul Awal Mintoo
Newly appointed chairman of National Bank

The bank is unable to offer other services, such as LC opening, due to margin restrictions by the central bank. This has also affected its income from other businesses.

According to the bank's first-half financial reports for 2024, its net interest income was a negative Tk 792 crore. The net loss for the first half was Tk 1,066 crore, compared to Tk 620 crore in the same period of the previous year.

After the Awami League took power, some family-owned groups gained control of several banks. After capturing the boards of these banks, these groups began barter trade-style lending.

"For example, a director might say 'you will give me a Tk 1,000 crore loan from your bank and my bank will lend you the

same amount'," Mintoo explained.

These groups also agreed to waive interest on each other's loans, leading to a few banks becoming stuck in this type of banking practice.

Among these banks, NBL was in the worst situation due to widespread corruption.

Sikder Group was involved in barter lending using the bank, and they have taken money from the bank illegally. The bank bought some assets at a high price from several parties, which are ultimately linked to the family.

For example, the existing head office of the bank belonged to a group, NBL gave a loan to that group to construct the building, and it sold the structure at a higher price than the market value.

This group sold it to one of the sons of the Sikder family and he rented it to the bank at a higher price than the other buildings nearby. So, the bank was used for the benefits of the family while the commercial lender was the ultimate loser, Mintoo said.

There are several other examples of such activities, he said, adding that the bank's cost is around Tk 24,000 per square feet for the building situated at Kawran Bazar circle while its cost may be Tk 5,500 at maximum.

On top of that, the bank needed some more spending to make the building usable, according to Mintoo.

Actually, they have just taken away the rest of the money as Sikder Group is the actual contractor of the building in the name of a foreign company, he said.

They have invented thousands of ways of stealing money from the bank, he said, adding that they have taken money from every purchase of the bank, causing the bank's operating costs to soar.

"The bank bought a space in Gulshan at around double the real price. Now we have found out that this family also bought space in the same building," he said.

So, it is clear that they bought the space with the bank's fund, Mintoo added.

In just one meeting, the Sikder Group-controlled bank waived Tk 2,700 crore of interest payments of a group. And its impact is much higher as the money was shown as interest income in the financial reports, violating banking norms.

READ MORE ON B2

Time for business schools to scale up

MAMUN RASHID

Thanks to our entrepreneurs, a few dynamic policy planners, mostly docile and hard-working workers, Bangladesh's private sector has expanded rapidly and became a crucial driver of economic growth. However, to make the best of the opportunities, entrepreneurs consistently emphasise the need for skilled financial analysts, HR managers, marketing managers and production supervisors.

However, the public education system seems to be struggling to meet the growing demand for skilled professionals in the private sector. Consequently, private universities are emerging to fill this gap, focusing heavily on business education.

The growing demand for BBA and MBA degrees has prompted both public and private universities to expand their business education offerings despite initial parental preferences for engineering and medical careers.

While the private sector's involvement in higher education was initially welcomed, the reality often falls short of expectations.

A critical issue is the low ratio of core staff to students, especially in business schools within private universities. My experience shows this imbalance burdens the core team, leaving little time for strategic thinking and organisational development.

A persistent shortage of qualified teachers exacerbates the problem. Many instructors need more practical corporate experience, resulting in an overly theoretical curriculum that fails to connect with real-world business challenges.

Visiting faculty, including top executives, are regularly invited to teach. However, without a genuine passion for education, these professionals may lack the commitment to contribute meaningfully to the university's mission. To address this, universities should provide good teaching assistants to support these busy executives, allowing them to focus on delivering modern, relevant content.

The financial sustainability of business schools often hinges on student enrolment numbers, leading some universities to prioritise quantity over quality.

Quality education will ultimately prevail and is crucial for the private sector's sustained growth. Alums can play a vital role by organising grants and donations to help bridge financial gaps.

I know, teaching MBA and EMBA students, those with professional expertise excel academically. An MBA is most valuable for professionals with prior work experience as it allows them to apply academic concepts to real-life scenarios. It shouldn't be merely a credential but a rigorous program designed to develop strong work ethics and business acumen necessary to survive in a globalised world.

To improve the quality of education, business schools should establish an administrative cadre to alleviate the workload of academic leaders, enabling them to focus on strategic initiatives. A transparent feedback system for evaluating teachers should be implemented, with results shared and discussed with the faculty to foster continuous improvement.

Retaining top-rated faculty is crucial, and universities must strive to create an environment that encourages their continued involvement. Alumni associations should actively support their alma mater, contributing to its development and reputation.

Universities must invest in essential infrastructure, including well-stocked libraries, modern computer centres and advanced research facilities. Institutions should attract distinguished international faculty and researchers to study Bangladesh's corporate landscape and global business issues, incorporating modern methodologies and global best practices to remain competitive.

These infrastructural investments are vital for student success and institutional prestige. High-quality business schools are essential for supporting the economic growth that Bangladesh aspires to achieve. With better private universities, these institutions can drive the private sector's development and significantly contribute to nation-building by harmonizing academic administration, teaching and research.

The author is an economic analyst

New chairman says...

- National Bank's new board will review all waived and written-off loans from the past 15 years
- Will order a complete list of written-off loans since 2010
- No defaulters will receive special treatment
- New board has urged the central bank to provide short-term financial support to stabilise cash flow
- They are confident that the bank will be able to return all the deposits that were withdrawn in the last several months

The management has asked to submit a list of instances where the bank violated rules and banking norms, even if the central bank granted special permission.

"Everything [irregularities] will be reversed," Mintoo said.

"I can assure you that every defaulter will be pursued with the maximum force of law. No one will receive any favours from NBL," said Mintoo, who was previously the bank's chairman before the Sikder family took control of the board.

NBL was the first private commercial bank in Bangladesh, having begun its commercial operations back in 1983.

"I hope the current government will ensure that all loopholes in the legal process are closed so that defaulters cannot exploit them," Mintoo said.

Recently, the central bank dissolved the previous board of NBL to protect the interests of depositors and appointed several new directors, including Mintoo.

The bank's newly appointed board members elected Mintoo, a businessman and vice-chairman of the Bangladesh Nationalist Party, as chairman of its board of directors.

"Our main target is to change perceptions about the bank and build trust. To do this, we need the help of the central bank," Mintoo said during the interview.

China seeking WTO talks with Canada over EV, steel tariffs

AFP, Beijing

China's commerce ministry said on Friday Beijing had referred Canada to the World Trade Organization (WTO) over Ottawa's new restrictions on imports of Chinese electric vehicles, steel and aluminium.

Canadian Prime Minister Justin Trudeau announced tariffs last month of 100 percent on Chinese EVs and 25 percent on Chinese steel and aluminium products, accusing Beijing of "not playing by the same rules as other countries" in areas such as environmental and labour standards.

China slammed the moves as unfair and unveiled anti-dumping investigations this week into imported Canadian canola and chemical products in apparent retaliation.

And on Friday, Beijing's commerce ministry said it had "made a request for consultations with the Canadian side at the WTO" regarding Ottawa's additional tariff measures.

"Canada has ignored WTO rules and violated its commitments at the WTO," a ministry spokesperson said in an online statement.

"(This) is a classic unilateral and trade protectionist act that seriously damages the rules-based multilateral trading system and disrupts global industrial and supply chains for EVs as well as steel and aluminium products," it said.

"China fully opposes this... We urge Canada to abide by WTO rules and immediately correct its erroneous practices."

Ottawa's surtax on Chinese electric and some hybrid passenger cars, trucks, buses and delivery vans will come into force from October 1 and will be collected on top of existing import duties of 6.1 percent.

US job gains miss expectations as labour market cools

AFP, Washington

US hiring bounced back in August but missed expectations while the jobless rate crept down, government data showed Friday, paving the way towards central bank rate cuts in the coming weeks.

The world's biggest economy added an estimated 142,000 jobs last month, an increase from July's figure which was revised notably lower to 89,000, said the Department of Labor.

June jobs gains were also revised significantly down.

The August number came in below economists' expectations of 165,000, according to a Briefing.com consensus forecast.

The unemployment rate meanwhile declined slightly from 4.3 percent to 4.2 percent, a shift that should assuage some policymakers' fears.

Overall, the figures reaffirm perceptions of a cooling labour market, adding to analysts' anticipation that the Federal Reserve will begin to lower rates from decades-high levels this month.

With a solid payrolls increase, lower jobless rate and rise in earnings, analysts see a higher chance that the Fed opts for a smaller cut of 25 basis point rather than 50.

"With inflation back down close to normal levels, it is important to focus on sustaining the historic gains we have made for American workers," President Joe Biden said in a statement.

Brendan Boyle, top Democrat on the

House Budget Committee, added that the US economy has "made significant progress on inflation, and now the Fed must secure this progress by lowering interest rates" at this month's policy meeting.



People wait for a chance to speak with prospective employers during a career fair in Los Angeles, California. The world's biggest economy added an estimated 142,000 jobs last month.

PHOTO: AFP/FILE