

star BUSINESS

WB to provide \$2.3b this fiscal year

STAR BUSINESS REPORT

The World Bank (WB) will provide Bangladesh with \$2.3 billion in the current fiscal year (2024-25) to facilitate reforms in the country's financial sector and its economic recovery from recent floods.

Martin Raiser, vice-president of the World Bank for South Asia, discussed the details of the loan programme at a meeting with Professor Muhammad Yunus, chief adviser to the interim government, at his office in Tejgaon, Dhaka yesterday.

Raiser said the World Bank is ready to be a part of the key economic reforms planned by the interim government, according to a press release from the chief adviser's office.

"Count on us. We're ready to help," Raiser said in response to Yunus's call for broader support for the interim government in its move to fix the economy.

The visiting World Bank vice-president also said they will support reforms in the country's banking, taxation and customs sectors, while also facilitating efforts for digitisation at various local industries.

"Count on us. We're ready to help," Raiser said in response to Yunus's call for broader support for the interim government in its move to fix the economy

Welcoming the World Bank's support, Yunus said the interim government has got a broader mandate from the people to get rid of corruption and give Bangladesh a new start.

"This is the season of reforms. We want to start now," he said, adding that the student-led mass uprising in July-August prepared the ground for big reforms in the existing system.

He also said the government would implement conventions of the International Labour Organization (ILO) in labour reforms to boost foreign investors' confidence and help local manufacturers expand their international foothold.

"We want to get it done," he said, adding that Bangladesh should be a global player in sectors other than garments.

Raiser appreciated the move to woo foreign direct investment (FDI), saying the annual FDI in Bangladesh is worth about half of the country's gross domestic product (GDP) in terms of percentage, making it one of the lowest in South Asia.

After the meeting, Planning Adviser Wahiduddin Mahmud said large amounts of foreign loans in the pipeline remain underutilised. The government has assessed the \$1 billion worth of projects being funded by the World Bank, and those projects are now almost at a standstill.

He said the government could instead utilise these funds for budget support in December.

READ MORE ON B3

Tyre makers gear up to fill void left by Gazi

MAJOR PLAYERS OTHER THAN GAZI

Mehgna Group, Pran-RFL Group, Apex Husain Tyres, Rupsha Tyres, Alam Tyre



DEMAND

- Bangladesh needs 1.20 lakh pieces of autorickshaw tyres a year
- The country also needs 35,000 pieces of motorcycle tyres every year
- The demand has been increasing as motorcycle market expands

KEY POINTS

Tyre manufacturers say they will be able to fill the gap left by Gazi Tyres

Other players are ramping up production to grab the market

Local products are cheaper than the imported ones

Local makers have to import some raw materials to ensure quality

GAZI VS OTHER MAKERS

- Gazi used to make all types of tyres including those for bus and truck
- Other players make tyres only for light commercial vehicle, autorickshaw, motorcycle, rickshaw



JAGARAN CHAKMA

Tyre makers in Bangladesh are ramping up production in a bid to expand their market share by catering to a potential supply shortage that may arise from the recent destruction of the Gazi Tyres factory in Rupganj upazila of Narayanganj.

Gazi Tyres met up to 70 percent of the country's overall demand for tyres used by rickshaws, three-wheelers and small commercial vehicles. It had also captured between 15 percent to 20 percent of the market for bus and truck tyres, and 65 percent in the minibus segment.

However, its production unit faced repeated attacks from looters and arsonists since the fall of the Sheikh Hasina-led Awami League government on August 5 because the company is owned by former Textile and Jute Minister Golam Dastagir Gazi.

With the factory now reduced to a pile of rubble, other tyre makers are looking to fill any supply shortages that may materialise within the next three months.

Industry people said their collective production capacity is capable of catering to more than double the country's annual demand.

Heavyweights in the sector include the Meghna Group of Industries, Pran-RFL Group, Apex Hussain Tyre, Rupsha Tyres and Chemicals Ltd, and Alam Tyre.

"We will utilise our maximum capacity to increase our market share in different tyre segments. We will be able to cater to about 70-80 percent of the total demand for small tyres," said Luthful Bari, director of operations at Meghna Group.

As such, they can easily cover the supply gap left by Gazi Tyres, he said, especially since MTF Tyres, a concern of

Meghna Group, has been running below capacity.

"We previously used just 50-60 percent of our production capacity. Now, we will utilise 100 percent as it is the perfect time considering current market conditions," he added, informing that they can produce about 30 lakh rickshaw tyres each year at full capacity.

According to him, MTF Tyre already caters to 60 percent of the demand for motorcycle tubes and tyres. But now, the company's market share in this segment could expand to 80 percent.

Bari further said MTF Tyre alone is enough to meet most of the demand in the market.



Market insiders said Bangladesh needs roughly 1.20 lakh CNG tyres and 35,000 motorcycle tyres each year, with demand consistently on the rise due to the increasing use of two and three-wheelers.

Bari believes that like MTF Tyre, all other manufacturers in the industry will increase their production to capitalise on Gazi Tyres' absence.

Shafiqur Rahman, managing director of Rupsha Tyres, also said they would increase production capacity for the next three months to offset any supply shortage.

As a part of their efforts, he will soon open a letter of credit to import

machinery to this end.

"After that, I will import the necessary raw materials as well," he added.

Rahman said they can cater to about 40 percent of the demand for CNG, motorcycle and easy bike tyres, with the company capable of meeting roughly 20 percent of the market's overall demand, excluding bus and truck tyres.

Rahman also said local manufacturers can now produce international standard tyres for two and three-wheelers. However, they have to import some raw materials to ensure the quality of those products.

"We import high quality rubber sheets for motorcycle tyres to ensure their quality," he added.

Regarding the price of locally made tyres, he said domestic products are cheaper than imported ones, but they are of similar quality.

Kamruzzaman Kamal, marketing director of Pran-RFL group, said they entered the tyre industry just three years ago, which is why their market share is very low.

He explained that a vacuum is created in the market whenever any major player suddenly suffers a shock, providing others with the scope to expand their business.

"However, we are yet to make any decision about increasing production as a crisis is yet to emerge. It will take at least three months for a supply shortage to affect the market," he said.

"If we see that more products are required in the market, then we will increase production as we have unused capacity."

Kamal also said they are capable of catering to about 50 percent of the total demand for tyres with their existing production capacity.

Restoring the BTRC's independence by reverting to the original legal framework should be a priority for reform, says its new chairman



Story on B4

Six state banks asked to cancel contractual appointments of their MDs

STAR BUSINESS REPORT

The Financial Institutions Division (FID) of the finance ministry has recommended that the boards of directors of six state-run banks cancel the contractual appointments of their managing directors and CEOs.

The six state-run banks are Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, BASIC Bank and Bangladesh Development Bank.

The FID also sent six separate letters to the chairmen of the boards of those banks.

The board of directors of those six lenders were also asked to take legal action regarding the cancellation of the contracts as per The Bank Companies Act.

The FID issued the letters as per government recommendations.

Mohammad Muslim Chowdhury, chairman of Sonali Bank, Professor Abul Hashem, chairman of BASIC Bank, and Md Nazrul Huda, chairman of Rupali Bank, confirmed to The Daily Star that they had received letters from the FID.

The Daily Star obtained a copy of the letter sent to the chairman of Janata Bank in this regard.

Among the six CEOs and MDs, Md Abdul Jabbar was promoted from deputy managing director to managing director of Janata Bank in April of 2023.

Similarly, Mohammad Jahangir was appointed as MD of Rupali Bank in August of 2022 following his tenure as deputy managing director of the bank.

Meanwhile, Md Afzal Karim joined Sonali Bank as MD in August of 2022 after serving as managing director of the Bangladesh House Building Finance Corporation.

Md Mursedul Kabir was appointed as managing director of Agrani Bank in August 2022. He had previously served as a deputy managing director of Sonali Bank.

Md Anisur Rahman joined as MD of BASIC Bank in April 2021 after serving as Agrani Bank's deputy managing director.

Lastly, Md Habibur Rahman Gazi was appointed as managing director of Bangladesh Development Bank in November 2022 after serving as deputy managing director at Agrani Bank.

STOCKS			
DSEX ▲	CASPI ▲		
0.72% 5,735.27	0.46% 16,191.89		
COMMODITIES			
Gold ▲	Oil ▲		
\$2,592.23 (per ounce)	\$70.45 (per barrel)		
ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.33% 83,223.89	▲ 2.13% 37,155.33	▲ 1.13% 3,633.18	▲ 0.69% 2,736.02

Bank Asia puts Deshbandhu Sugar's collateral on auction

SOHEL PARVEZ

In its bid to realise Tk 112 crore loans from Deshbandhu Sugar Mills Ltd, Bank Asia PLC has decided to auction more than 48 decimals of land and properties kept by the refiner as collateral.

In November 2021 and March-April 2022, Deshbandhu Sugar opened letters of credit (LCs) to import raw sugar through Bank Asia.

The company was supposed to deposit the money by selling refined sugar, officials said.

But the sugar refiner did not make payments against the LCs within due time, said Sohail RK Hussain, managing director of Bank Asia.

"As a result, the LC amount turned into a forced loan. We negotiated with the borrower several times, but we did not get the money back."

Officials said Deshbandhu filed a writ petition with the High Court in August 2023 and secured a stay order, meaning the company could not be declared a defaulter.

"We received the final court verdict regarding the writ in our favour in July this year and therefore vacated the stay. Finally, we have put the collateral for auction to realise the loan," Hussain said.

He said the owner of Deshbandhu has indicated he wants to sit with Bank Asia to negotiate.

READ MORE ON B3

Bangladesh not exporting hilsa to India this year

REFAYET ULLAH MIRDHA

Bangladesh will not export hilsa fish to India on the occasion of Durga Puja in October, according to a top commerce ministry official, discontinuing a long-standing tradition of the country as a "goodwill gesture" to its neighbour.

The decision of the export ban is to ensure adequate hilsa supply in the local market so that the prized fish remains more accessible to people, according to authorities.

This stand by the interim government marks a clear departure from the deposed Sheikh Hasina-led Awami League government.

During the puja festival, Bangladesh, the largest producer of hilsa, usually relaxes the ban on exports of the fish, a sought-after delicacy especially in India's West Bengal.

Hilsa consignments from Dhaka are treated as a gift to Indian people from Bangladesh during the biggest religious fest for Hindu people.

"We have around 50 applications pending for exporting the fish to India," said a senior commerce ministry official. "But we have not received any export

permission from the Ministry of Fisheries and Livestock this year."

As per policy, the commerce ministry permits the export of any goods based on the opinion of the ministry concerned.

In the case of hilsa, the fisheries and livestock ministry did not allow

HILSA EXPORTS TO INDIA (In tonnes)



SOURCE: DEPARTMENT OF FISHERIES

664.86 tonnes of hilsa to India at \$7.71 million, according to data from the Department of Fisheries.

In fiscal 2022-23, Bangladesh exported 1,376.42 tonnes of hilsa worth \$13.68 million, the data shows.

Demand for the fish is also high in Bangladesh. Despite an uptick in hilsa hauls in recent years, the fish still remains pricier in the local market.

In fiscal 2022-23, Bangladesh produced a total of 571,342 tonnes of hilsa. In fiscal 2021-22, the production of hilsa was 566,593 tonnes, shows fisheries data.

Hilsa is netted from rivers in August and September, when the fish comes into rivers from the Bay of Bengal to lay eggs. Fishers catch up to 600,000 tonnes of the fish annually, with a majority of the haul coming from the sea.

In 2017, hilsa was recognised as a geographical indicator for the country.

Despite being the national fish, buying hilsa still is a luxury for many in the marginal class.

In Dhaka, a piece of hilsa weighing one kilogramme (kg) is being sold between Tk 1,400 and Tk 1,600 at retail. Hilsa weighing below one kg is priced between Tk 1,100 and Tk 1,200 per kg at retail.