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BUSINESS

Meghna Automobiles began selling three locally assembled sport utility vehicles of South Korean automobile manufacturer KIA recently



Story on B4

## Hilsa export to India allowed for ‘greater interests’ Salehuddin says

STAR BUSINESS REPORT

The decision to allow 3,000 tonnes of hilsa to be exported to India from Bangladesh ahead of the upcoming Durga Puja festivities was made considering the greater interests of the country, according to Salehuddin Ahmed, commerce adviser to the interim government.

Bangladesh usually exports hilsa to India ahead of Durga Puja each year as a gesture of goodwill.

However, on August 11, Fisheries and Livestock Adviser Farida Akhter told journalists that the interim government wanted to increase the supply of the national fish in the domestic market, adding that she did not approve of sending hilsa abroad without meeting the needs of the country's people.

In another turn of events on Saturday, the commerce ministry said in a statement that the government would allow 3,000 tonnes of hilsa to be exported, referring to a letter from the Ministry of Foreign Affairs.



Ahmed added that 3,000 tonnes accounted for less than 0.5 percent of the total hilsa production, which stood at more than 5.30 lakh tonnes last year.

There are emotional entanglements and friendly relations between Bangladesh and India, the adviser said. For instance, India has already lowered the duty on exports of onions.

“Moreover, hilsa is smuggled out of Bangladesh to India,” he said, adding that hilsa export would also bring in some US dollars.

In the fiscal year 2023-24, Bangladesh exported 664.86 tonnes of hilsa to India, earning \$7.71 million, according to data from the Department of Fisheries.

Replying to a query about whether prices of the popular fish may increase, the adviser said the price of hilsa is normally high in the markets and a section of traders usually increases the price.

However, the decision to export hilsa to India on the occasion of Durga Puja has been taken after a lot of thought and it will have a lasting positive impact, he said, adding that Bangladesh wanted to continue being a good neighbour.

Speaking on the government's decision, Farida said yesterday: “The decision was given by the Ministry of Commerce in response to the request.

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KEY POINTS

- ➔ Seven banks so far applied to the BB for Tk 28,900cr liquidity support
- ➔ Five banks signed agreements with BB for the guarantee
- ➔ BB imposed nine conditions for guarantee

FIVE BANKS THAT SIGNED DEALS

National Bank, First Security Islami Bank, Global Islami Bank, Social Islami Bank, and Union Bank

BANKS YET TO SIGN DEALS

Islami Bank Bangladesh, Exim Bank

MAJOR CONDITIONS FOR GUARANTEE



BB to provide guarantee for three-month tenure loans on a case-to-case basis



Banks have to pay 0.25% guarantee fee to BB



Highest tenure of the interbank loans will be one year



BB will deduct money from the lenders' current accounts if they fail to repay on time

# Five crisis-hit banks secure BB guarantee for liquidity

MD MEHEDI HASAN

Five crisis-hit banks have obtained a Bangladesh Bank (BB) guarantee to avail liquidity support from the inter-bank money market, according to central bank officials.

First Security Islami Bank, Global Islami Bank, Social Islami Bank and Union Bank signed agreements with the central bank yesterday while National Bank signed on Thursday.

Following the installation of an interim government in August, all five commercial lenders saw their boards of directors reconstituted.

“We signed an agreement with the central bank for the guarantee and it will take three to four days to get the liquidity support,” said Mohammad Forkanullah, managing director (acting) of Social Islami Bank.

In this regard, Forkanullah said Social Islami Bank had already approached some state-run banks.

Recently, a total of seven restructured banks applied for the BB guarantee after new central bank Governor Ahsan H Mansur hinted at taking the step.

The BB governor said the central bank would not provide liquidity support by

printing money like in the past but would instead provide the scope for lenders to seek support from the inter-bank money market.

Of the seven lenders, Islami Bank Bangladesh applied for BB guarantee asking for Tk 5,000 crore in liquidity support; Social Islami Bank for Tk 2,000 crore; First Security Islami Bank for Tk

bank will also sign deals with the other two banks namely Islami Bank Bangladesh and Exim Bank.

NINE CONDITIONS IMPOSED

The central bank imposed nine conditions in the agreements with the five commercial lenders.

According to the terms, the banks will have to pay a 0.25 percent guarantee fee on the guaranteed amount.

The guarantee covers a period of three months on a case-to-case basis, while the loans will have to be paid back with profit after maturity.

Under the agreement, once the loans are repaid, the lenders will be able to take loans for another three months and the total tenure of this rollover will be one year.

In case of a failure to repay by the crisis-hit banks, the liquidity provider banks can create 90 days' tenure of forced loans in the name of the borrowing banks.

Against the liquidity support, the profits or interest will be imposed at the existing special liquidity facility (SLF) rate.

The BB will be able to deduct funds from the concerned lenders' current accounts with the central bank in case of

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## BSEC wants WB help for int'l standard market surveillance

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has sought assistance from the World Bank to upgrade its capital market surveillance system to international standards.

Khondoker Rashed Maqsood, chairman of the stock market regulator, sought the assistance during a meeting with a delegation of the international financial institution at the BSEC office in the capital yesterday.

Briefing journalists after the meeting, Maqsood said the BSEC talked with the WB on several important issues, including good governance and surveillance systems.

“We have focused on how we can improve our surveillance team. Apart from this, we have talked about the governance system of the capital market,” he added.

Farzana Lalarukh, a commissioner of the BSEC, said the regulator has been working with a weak surveillance system, which was never upgraded since it was installed in 2012.

“It should be upgraded immediately,” she said.

“To turn our surveillance system into one of international standards, we have sought assistance from the World Bank,” she said.

The BSEC had incorporated Instant Watch, an automatic market transaction surveillance and compliance platform widely used in Europe, of Swedish company Trapets into its own surveillance network at the end of 2012.

The development and installation of the software was under a project co-funded by the government and Asian Development Bank (ADB).

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# Make loan defaulters' list public

CFA Society urges govt, suggests remedies for banks, stock market

STAR BUSINESS REPORT

CFA Society Bangladesh, a platform of chartered financial analysts of the investment and fund management industry, yesterday urged the interim government to make the list of loan defaulters public to enhance transparency and limit their access to state services.

The call came at an event organised by the society at the Economic Reporters' Forum in Dhaka to present policy recommendations focusing on three key areas – the economy, capital markets and the banking sector.

The loan defaulter list should be publicly available considering its social impact, said Asif Khan, president of the society and chairman of EDGE Asset Management.

At least the names of wilful defaulters should be publicly announced and Bangladesh Bank can conduct an analysis to differentiate delinquents from victims of economic downturns, he said.

“Loan defaulters should face the music, at least by limiting their access to all state services,” he added.

To better manage high amounts of non-performing loans, the central bank should review loan classification, provisioning and rescheduling policies for banks and finance companies and revise

SUGGESTIONS FOR BANKING SECTOR

Increase number of independent directors to at least five

Stop paying dividend and don't penalise banks for non-payment

Include depositors' representative on the board

Reduce the number of state-run banks

Upgrade loan classification, provisioning and rescheduling policies

Free Bangladesh Bank from any influence of the finance ministry

RECOMMENDATIONS FOR STOCK MARKET

Reintroduce “Dutch auction system” to attract good companies

Let experts and analysts express their opinion to curb rumours

Make sure that floor price is not introduced again

Establish vibrant bond and commodity markets

Ensure timely corporate disclosures

Review margin loans rules

them in tune with international best practices, said Khan.

“Develop a regulatory reporting structure for deriving the actual classified and defaulted loan situation and reporting capital adequacy metrics using the true numbers,” he said.

Bangladesh Bank should withdraw the relaxed down payment facility for rescheduled loans and be stricter to prevent further deterioration of the quality of bank assets, he said.

Khan also recommended establishing an asset management company with additional legal powers to manage and resolve bad loans within a time-bound framework.

Ideally, the company should be formed through a public-private partnership (PPP) and by including firms with international experience in dealing with toxic assets, he said.

He also recommended opening more banking courts to expedite case disposals

and encouraged out-of-court settlements, including alternative dispute resolution and arbitration.

Khan added that Bangladesh needs international standard rules and regulations in the banking sector and stock market to improve the situation of the financial sector.

“If anyone misuses the system, it does not mean that the system is faulty. In this case, the regulators should take care of it

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STOCKS		
DSEX ▼	CASPI ▼	
0.05%	0.01%	
5,734.97	16,188.87	

COMMODITIES			AS OF FRIDAY
Gold ▲	Oil ▲		
\$2,622.3	\$71.25		
(per ounce)	(per barrel)		

ASIAN MARKETS					FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI		
▲ 1.63%	▲ 1.53%	▼ 0.23%	▲ 0.02%		
84,544.31	37,723.91	3,624.76	2,736.81		