

Star BUSINESS

The reopening of six state-owned sugar mills faces uncertainty as the authorities are yet to finalise the modernisation plan

Story on B4



Govt speeds up Adani payments

Pledges to clear dues

ASIFUR RAHMAN

The Power Division has replied to Gautam Adani's letter to Prof Muhammad Yunus, chief adviser to the interim government, saying the government will clear its dues within the shortest possible time.

The Power Division said Bangladesh Power Development Board (PDB) paid \$29.5 million to Adani Power between August 8, when the interim government was sworn into office, and September 11.

Gautam Adani, the chairman of Adani Group, wrote to the chief adviser on August 27, seeking his intervention in clearing around \$800 million in overdue payments for power produced by Adani's 1,496 megawatts (MW) Godda power plant in Jharkhand, India.

The Power Division officials said the chief adviser's office forwarded the letter to the relevant authority, which sent a reply on September 15.

The Daily Star has seen a copy of the letter, signed by an additional secretary to the Power Division.

It said the payments had been in low amounts as foreign exchange reserves had dropped, an issue that is slowly easing due to measures taken by the interim government.

The letter added that there has been an improvement in payments after the interim government came to office compared to those made since June.

A Power Division source said they had paid Adani Power an additional \$30 million after September 11.

In total, the interim government has paid Adani Power around \$60 million.

"The PDB has been making periodic payments. However, from June 2024, we have been experiencing some foreign exchange constraints," the letter reads.

READ MORE ON B3



49 firms allowed to export hilsa to India

STAR BUSINESS REPORT

The Ministry of Commerce yesterday issued a circular allowing 49 businesses to each export 50 tonnes of hilsa to India marking the upcoming Durga Puja scheduled to begin on October 9.

The businesses had submitted applications based on a September 21 circular, in which the ministry approved the export of 3,000 tonnes of hilsa to India this year citing a foreign ministry recommendation.

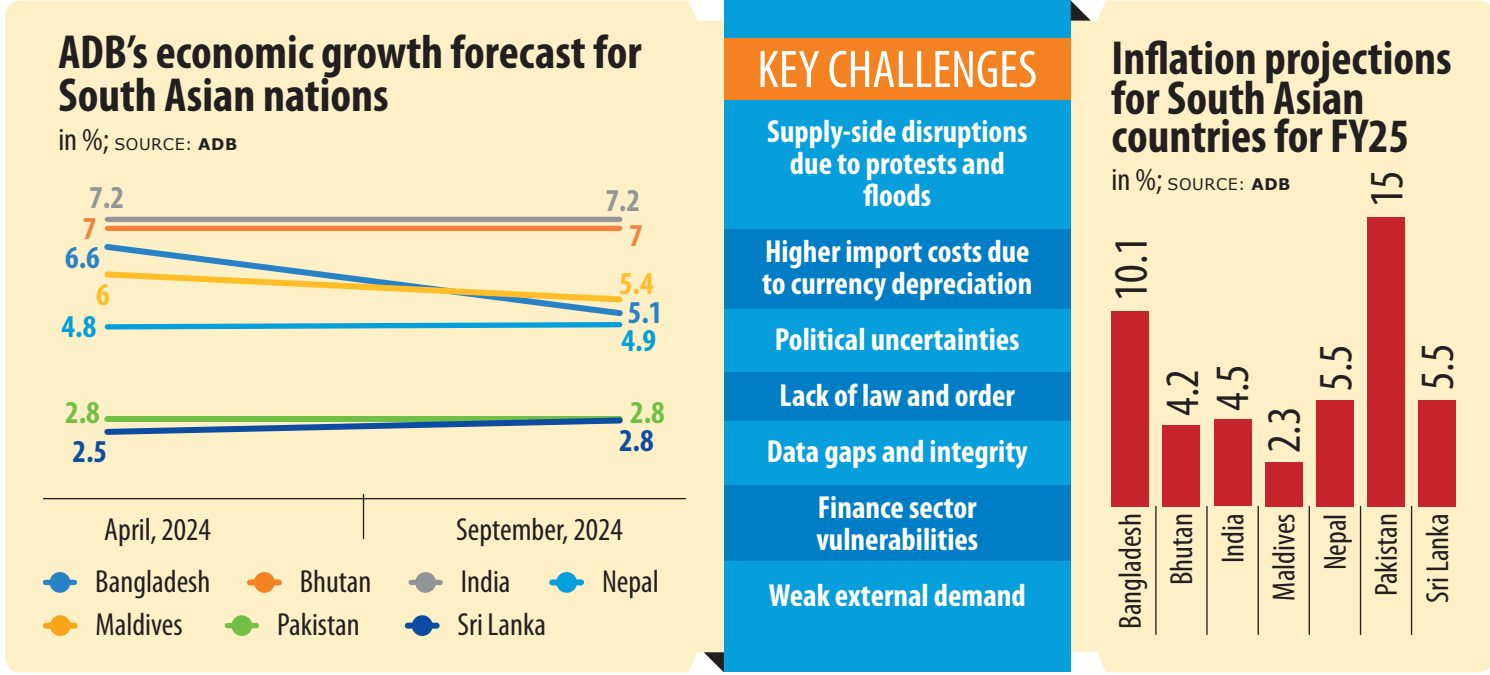
The businesses had submitted applications based on a September 21 circular, in which the ministry approved the export of 3,000 tonnes of hilsa to India this year

Usually, the decision to export hilsa is conveyed to the commerce ministry by the fisheries and livestock ministry, which was initially not in favour of it this year.

In fiscal year 2023-24, Bangladesh exported 664.86 tonnes of hilsa to India at \$7.71 million, according to data from the Department of Fisheries. The exported amount was less than 1 percent of the 571,342 tonnes of hilsa caught that year.

In fiscal 2022-23, 1,376.42 tonnes of hilsa were exported for \$13.68 million, with 566,593 tonnes of the fish having been caught that year.

Inflation to hit double digits by end of FY25: ADB



REJAUL KARIM BYRON

Inflation is projected to hit double digits at the end of the current fiscal year owing to supply-side disruptions and higher import costs as a result of currency depreciation, according to the Asian Development Bank (ADB).

In its latest Asian Development Outlook released yesterday, the Manila-based lender projected that inflation would increase to 10.1 percent in fiscal year (FY) 2025, which is 3.1 percentage points higher than the estimate it made in April.

The immediate past government, which was ousted on August 5 by a mass uprising, had targeted to keep inflation to 6.5 percent this fiscal year after it had hit 9.7 percent in FY24.

"Elevated food and non-food prices in the first half of the fiscal year reflect supply-side disruption and higher import costs due to currency depreciation, pushing up inflation forecasts," the ADB said.

Consumers in Bangladesh have been fighting persistent inflationary pressures over

the past two years, with inflation hovering above 9 percent since March 2023.

The interim government released the inflation data of July, which showed that the point-to-point inflation rate was 11.66 percent in July and 10.49 percent in August. However, the moving average was below 10 percent during the two months.

After the interim government released the data, economists said the sudden spike in inflation in July reflected that the data had not been manipulated.

The ADB said inflationary pressures were expected to moderate in the second half of the fiscal year as tight monetary and fiscal policies would lower domestic demand.

The central bank's monetary policy statement indicates that a tight monetary policy will continue in FY25.

In a statement presented before the political unrest, the central bank had committed to maintaining a contractionary monetary policy. It had also planned to streamline open market operations, cease currency swaps with

and among banks, and refrain from lending to finance the budget deficit.

In line with that statement, the central bank yesterday increased its repo rate by 50 basis points to 9.0 percent, the standing deposit facility rate to 7.5 percent, and the standing lending facility rate to 10.5 percent.

It will likely raise the policy rate further as needed to manage inflationary expectations, the ADB added.

Although Bangladesh has been enduring persistent inflation for a long time, its South Asian peers appear to be in a comfort zone as they have managed inflationary pressures through policy support.

Meanwhile, the ADB lowered its forecast for Bangladesh's economic growth to 5.1 percent for the current fiscal year, primarily due to supply disruptions caused by political unrest in July and August as well as recent floods.

The Manila-based lender had earlier projected that the gross domestic product (GDP) would grow by 6.6 percent in FY25.

READ MORE ON B3

Normalcy returning to RMG sector

STAR BUSINESS REPORT

Normalcy has started to return to the garment factories as the workers have resumed work, avoiding further unrest after the owners have accepted all the 18 of their demands.

Most factories in key industrial hubs like Ashulia and Gazipur were operating smoothly yesterday.

However, a few factories are still planning to reopen soon, Khandoker Rafiqul Islam, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said over phone.

The situation is expected to remain peaceful since all the stakeholders, including the government, union leaders, and factory owners, have agreed to the workers' demands, he said.

"Garment factory owners lost more than \$100 million during the recent unrest, as many were unable to maintain production. Currently, the rapid pace of production and shipping goods to clear the backlog caused by the labour unrest are the two major challenges," the BGMEA chief added.

As a result, the exporters may have to either offer discounts to international retailers and brands or resort to costly air shipments to meet the tight lead times set by their buyers, he said.

However, retailers and brands remain supportive

and have assured exporters that they will wait until normal operations are restored.

Islam plans to meet with representatives of major international retailers and brands on Monday or Tuesday to discuss the current situation and future business strategies.

Garment factory owners agreed to all the 18 of the workers' demands yesterday, including provisions for tiffin and night allowances, to quell the ongoing unrest.

As part of the agreement, the owners will provide an additional Tk 225 as an attendance bonus and increase night and tiffin allowances by Tk 10, bringing the total to Tk 100. The outstanding wages will also be cleared soon.

Labour and Employment Secretary AHM Shafiquzzaman said at a press briefing yesterday that around 1 percent to 2 percent of the garment factories are yet to implement the new wage structure, which took effect in December last year.

The factories need to comply with it as soon as possible, he said.

The government will also support workers in dense industrial areas through the Trading Corporation of Bangladesh's open market sales programme, allowing them to purchase essential goods at lower prices.

Additionally, the government plans to regulate the jhoot (waste fabric) trade, as disputes over control of this market have been identified as a key factor behind the recent unrest.

As of 2pm yesterday, the situation was stable in most factories in Gazipur, Gazipur Industrial Police Superintendent Mohammad Sarwar Alam told The Daily Star.

Most workers have returned to their jobs and 13 closed factories in Gazipur are expected to reopen in the coming days.

However, he said not everything is fully resolved as today workers from Full Ibar BD Ltd in the Gacha area blocked the Dhaka-Mymensingh highway, demanding unpaid wages and the reopening of their factory.

Enamul Haque, an employee at Star Craft Ltd in Gazipur, told The Daily Star that the attendance bonus will be implemented in his factory and the workers are pleased to see the acceptance of the 18-point demand.

Ziaul Kabir Khokon, president of the Garment Workers Trade Union's Gazipur district branch, confirmed that several factories are providing additional attendance bonuses to workers who have no record of lateness and maintain regular attendance.

READ MORE ON B3

Islami Bank's suspicious share price spike under scanner

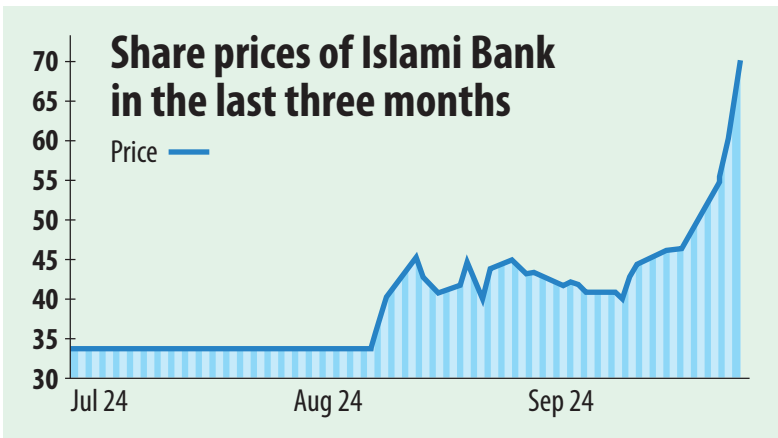
STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) ordered the Dhaka Stock Exchange (DSE) to inquire into the unusual movement of share prices of Islami Bank Bangladesh PLC.

The directive comes as prices of the shares of the Shariah-based bank skyrocketed since August 7, two days after the ouster of the Sheikh Hasina-led government by a student-led mass uprising.

Shares of Islami Bank closed at Tk 70.4 yesterday, up from Tk 32.6 on August 6 following the Bangladesh Bank's restructuring of the board of the oldest Shariah-based bank controlled mainly by Chattogram-based business house S Alam Group, which is alleged to be a beneficiary of the previous Awami League government.

Amid an upward trend in the



prices, the BSEC said it observed that the price and volume of shares of Islami Bank fluctuated significantly in recent times which seems "unusual and suspicious".

As such, it instructed the DSE to investigate the trading of Islami

Bank shares from August 6 to September 25 to determine whether there was market manipulation, insider trading or other market abuses.

The BSEC ordered the prime

READ MORE ON B3

Healthy banks asked to help ailing lenders

STAR BUSINESS REPORT

Bangladesh Bank (BB) has asked sound banks with excess liquidity to lend to crisis-hit banks facing severe liquidity shortages, in the best interests of the country's banking sector.

The central bank's instruction came during a meeting between Bangladesh Bank Governor Ahsan H Mansur and managing directors and CEOs of a portion of sound lenders yesterday.

Chief executives of Eastern Bank, Mutual Trust Bank, City Bank, BRAC Bank, Dhaka Bank, Pubali Bank, Shahjalal Islami Bank, Sonali Bank and Dutch-Bangla Bank were present at the meeting.

A managing director of a private bank who attended the meeting told The Daily Star that the BB governor assured them that banks would get back their money from those crisis-hit lenders as the central bank would act as a guarantor.

"Now we will take a decision in our board of directors meeting about how much to provide to them and will inform the central bank," said the MD.

To manage liquidity for crisis-hit

banks, the central bank has already signed agreements with five lenders—First Security Islami Bank, Global Islami Bank, Social Islami Bank, Union Bank and National Bank.

After yesterday's meeting, Bangladesh Bank Executive Director and Spokesperson Husne Ara Shikha told reporters that the central bank met with 10 banks which agreed to support the lenders that were facing current account deficits with the central bank.

As per the agreement with the five banks, the banks will have to pay 0.25 percent of the amount as a guarantee fee to the central bank.

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 any crisis-hit bank fails to make a repayment, the liquidity provider can

READ MORE ON B3

Eastern Bank PLC.

EBL Structured Finance

Tailor made financing solutions

- > 20 years
- > 100 transactions
- > Tk. 25,000 Crore (FCY & LCU)

Arranger Services
Mobilizing fund- in most efficient way

Advisory Services
Innovative solutions-tailoring individual needs

Agency Services
Seamless transactional support

16230

ebd.com.bd | @myebd