



Farmhands pluck hog plums from trees, using sticks to rip them off the tree and onto baskets so as to avoid damaging the fruit. Working while daylight permits, they can earn around Tk 700 a day, even though their safety is compromised each time they make the climb without any harness. The photo was taken at Kapurkathi village in Jhalakathi district recently.

PHOTO: TITU DAS

434 units on BSCIC estates are either sick or closed

SUKANTA HALDER

A total of 434 industrial units under the Bangladesh Small and Cottage Industries Corporation (BSCIC) are either suffering over financial issues or have already closed down due to various reasons. As such, some of these units are not operating at full capacity while others are not generating employment, according to a BSCIC official seeking anonymity. These units have been rendered sick or closed due to various issues, such as their entrepreneurs facing financial difficulties and subsequently being unable to make loan repayments or meet operational costs. Also, many are tied up in litigation, including family disputes over inheritance, the official said. Still, no effective measures have been taken to restart these units. So, the industries ministry must take strict action to resolve this issue, he added. A report by the BSCIC in July showed that the Jamdani Industrial Estate and Research Centre has the highest number of idle plots with 54 while the Tongi

Industrial Estate follows close behind with 28. Other estates with sick or closed plots include Faujdarhat (17), Rajbari (17), Kalurghat Extension (15), Chauddagam (14), Rajshahi (14), Jamalpur (13) and Kishoreganj (13), as outlined in the BSCIC report. Entrepreneurs can lease plots from the BSCIC for 99 years. Established in 1960, the BSCIC is a key government organisation that is responsible for promoting an entrepreneurial society in Bangladesh. Its mission includes boosting industrialisation and supporting the growth of small and medium enterprises in the country by developing dedicated industrial plots equipped with the required utility services and infrastructure. Chayan Biswas, assistant general manager of the BSCIC district office in Rajbari, noted that 17 industrial units in their estate have been sick or remained closed for the past five to 10 years. These include textile and garment factories, Unani medicine production

units, and spice and pulse mills. “An allotment of seven plots was recently cancelled due to prolonged closures and unpaid arrears of the units,” he said. Three of the associated entrepreneurs defaulted on loan repayments after incurring losses and have been unable to restart their businesses. Biswas added that the cancelled plots will now be reallocated. Belal Hossain, estate officer of the BSCIC industrial estate in Fouzdarhat of Chattogram, said the sick and closed units in their estate primarily include food, garment accessories, and dyeing units. “Since Covid-19, several units have become sick or shut down and their owners are struggling to recover, with loan defaults and ownership complications to blame in some cases,” he added. Hossain also mentioned that these issues were raised in the last land allocation committee meeting and a decision may be reached in the next meeting. GM Robbani Talukdar, deputy general manager of the industrial estate and

coordination section at the BSCIC, said several steps were taken to reduce the number of sick and closed industrial units. As a result, about 100 plots inside the BSCIC estates are being reallocated every year. “But some old problems remain and that is why some plots become sick or get abandoned every year,” he said. “We also take the initiative to facilitate the transfer of plot ownership if someone wants to do so,” he added. Besides, the policy regarding plot allotment and management in the BSCIC estates and parks has been amended in order to solve the problem of sick and closed industrial plots, Talukdar said. According to the BSCIC report, entrepreneurs facing financial crises and struggling to reopen their sick or closed units could be provided with loans from the BSCIC or recommended for bank loans. The BSCIC data shows that there are 12,311 industrial plots under its purview, of which 11,227 have been allocated. The number of industrial units operating in these allocated plots is 6,132.

Sri Lanka holds rates steady, sees rosy inflation, growth outlook

REUTERS, Colombo

Sri Lanka's central bank kept interest rates unchanged on Friday in line with expectations, citing domestic and global uncertainties, but said inflation was likely to remain low and the economy was doing much better than initially expected. The Central Bank of Sri Lanka (CBSL) kept the Standing Deposit Facility Rate at 8.25 percent and the Standing Lending Facility Rate at 9.25 percent. The decision comes in the wake of the election of a new president to steer the island out of its worst financial crisis in decades. “We now see strong evidence that the economy will be growing well over 3 percent but it is too early for us to project a specific number,” Governor P. Nandalal Weerasinghe said, adding that CBSL will not announce any revision to its 3 percent GDP forecast for 2024. However, the government may provide an updated growth view when the budget is presented by the new finance minister, he added. “The Board observed that inflation is likely to remain well below the target of 5 percent over the next few quarters, potentially recording deflation in the immediate future driven by changes to administratively determined prices and easing of supply conditions,” CBSL said in its statement earlier. Weerasinghe said inflation could breach the lower end of the inflation target band of 3 percent-7 percent for two straight quarters as of end-September, requiring the CBSL to explain the reasons to the government as per law. CBSL cut rates by 25 basis points in July as part of an easing cycle that has seen rates drop by a total 7.25 percentage points since June 2023, partially reversing the 10.50 percentage points of increases following the financial crisis. “Growth and credit growth are currently at decent levels. Given premiums have gone up on government securities due to political uncertainty, CBSL would want to see that reduction first,” said Udeeshan Jonas strategy head at Colombo-based equity research firm CAL.

STOCKS		WEEK-ON WEEK
DSEX ▼	CASPI ▼	
1.68% 5,639.13	2.46% 16,793.22	

COMMODITIES		AS OF FRIDAY
Gold ▼	Oil ▲	
\$2,658.34 (per ounce)	\$68.63 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.31% 85,571.85	▲ 2.32% 39,829.56	▼ 0.25% 3,573.36	▲ 2.88% 3,087.53	

UK retail sales jump

REUTERS, London

British retailers reported the fastest growth in sales since May this month and see a further modest expansion for October, the Confederation of British Industry said on Friday, in a contrast to other more downbeat surveys of consumer sentiment. The CBI said its monthly retail sales balance rose to +4 in September from -27 in August, while retailers' expectations for the month ahead rose from -17 to +5, their strongest since April 2023. However, retailers judged that sales continued to remain below normal for the time of year. “While some firms within the retail sector are beginning to see tailwinds from rising household incomes, others report that consumer spending habits are still being affected by the increase in prices over the last few years,” CBI Principal Economist Martin Sartorius said. Earlier this week, Bank of England Monetary Policy Committee member Megan Greene said she saw a chance that consumer spending might rebound more strongly than the BoE was expecting, as it remained below pre-pandemic levels despite a recent recovery in the incomes of many households. However, consumer surveys by both GfK and the British Retail Consortium show many households remain cautious due to high inflation in 2022 and 2023 and concern about possible tax rises in the new Labour government's first budget on Oct. 30.

High policy rates may hamper investment Per capita

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“When interest rates rise, the flow of loans decreases,” he said. Ahmed said the interim government has some other tools at hand to reduce inflation and it should utilise them. “Food wastage is one of the biggest causes of inflation in the country. If wastage at the production stage is reduced, inflation will be reduced and import demand will also be reduced,” he added. Ahmed also said the biggest challenges for the interim government were to attain microeconomic stability and restore law and order. “We're still having gas and electrical troubles. If we cannot overcome the challenges of labour unrest and energy shortages, it will have a significant impact on exports,” he added. However, Md Salim Al Mamun, director for research of Bangladesh Bank's Chief Economist Unit, urged the business community to be patient amid the current economic situation. “Inflation is not under control yet, so until it declines, the policy rate will continue to rise, as stated in the

central bank's monetary policy,” he said. Recently, the interim government raised the policy rate from 9 percent to 9.5 percent. He emphasised that stabilising inflation and the macroeconomic environment were currently more important than focusing on economic growth. “Taming inflation should be the topmost priority now as it directly hits the low-income group,” he said. “In this situation, if we have to compromise, such as if gross domestic product (GDP) growth comes to stand at nearly 5 percent, it would be treated as a success for the government,” he added. Mamun expressed hope for inflation to return to a manageable level within eight to 10 months, on condition the government's measures are properly implemented. Regarding default loans, the DCCI president said it was an issue involving 10 to 12 weak banks, not the entire banking sector. “During this reform period, we have to ensure that these reforms do not negatively impact the entire

banking sector,” he said. The DCCI president also recommended maintaining the flow of bank loans for industry and cottage, micro, small and medium enterprises at a normal level. Khan Ahmed Sayeed Murshid, former director general of the Bangladesh Institute of Development Studies, said everything happens so fast in this world that it leaves no alternative but to respond quickly. “With economic challenges, a few non-economic challenges that are also very crucial need to be addressed soon,” he added. Murshid underscored the importance of broad-based inclusive growth ensuring fundamental food, power and energy security alongside education and skills development. To tap into future opportunities, he hinted that AI-based technology would have a major impact on the global economy. Mohammad Abu Eusuf, a professor of development studies at the University of Dhaka, urged for better coordination among the monetary and fiscal policies and market management to curb inflation.

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“The arrear was rising due to dollar shortages and low revenue earnings of the companies.” Regarding the current interim government's endeavour to get more foreign loans amid the higher per capita debt, Hussain said, “The government will have to repay the arrears, so it has no other option but to go for more loans.” As foreign arrears must be repaid to continue getting power and fertilisers, the government needs loans. Already, the sourcing companies and countries have informed that if Bangladesh does not repay the arrears, they will not be able to send furnace oil or fertilisers in the future. “If we cannot import them, how will we run the economy? So, the country needs cash dollars,” said Hussain. According to him, to get cash dollars, loans from the International Monetary Fund (IMF) and World Bank are an option and these loans have comparatively low costs. Without this, the government has no other big way, he said, adding, the government should use all types of instruments as they are now seeking budget support in most cases. For instance, the government can take funds through investment project financing, guarantees, etc., which can reduce the foreign exchange payment burden, he added.

Progress slow

FROM PAGE B1 of the Research and Policy Integration for Development (RAPID). Primarily, the government should know whether it is prepared or not for launching the negotiation as capacity is a major factor in conducting trade deal negotiations with the trading partners, he said. The preferential trade deals translate to tariff rationalisation as the partnering countries will always put pressure for reduction of tariffs for signing the final deals, he said. Bangladesh should assess whether it is capable of rationalising the tariff structure as per demand of the partnering countries, said Razzaque. Import duties are one of the major sources of revenue of the government as Bangladesh is one of

the most protectionist countries with an average tariff rate of nearly 28 percent, he said. One of the largest sources of import duty is China. Bangladesh annually imports more than \$20 billion worth of goods from China. From this, the government's revenue department earns more than Tk 25,000 crore. Meanwhile, after the change in government, a section of businesspeople has been urging the interim government to review whether Bangladesh truly fits the criteria for LDC graduation. There is a lot of mismatch in export and import data among different government bodies, for which questions remain over the country's actual economic potential, they say.

Tk 75cr loss looms over UCB

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Yesterday, the stock was traded at Tk 43. It is clear that UCB bought the share when the share price was at its peak. When the price of a stock reaches an abnormally high level due to manipulation, the manipulators need to dump it fast, said Al-Amin, an associate professor of the Accounting and Information Systems Department of the University of Dhaka. Institutional investors can work well as a dumping station as general investors cannot buy a large number of shares at a high price, he told The Daily Star last week. “Here the bank was used for dumping. Some people of the bank may be involved who put pressure for the purchase of the shares to benefit the manipulators,” he said. There are many examples of such

cases where banks, NBFIs, and mutual funds were misused in the same way, said Al-Amin. The bank officials or directors who are engaged in buying the stock are provided benefits through underhand deals for the gains of the manipulators, he said. Meanwhile, the bank's funds become stuck and it incurs a hit and the stock market loses liquidity, he added. “It's a nexus,” said Al-Amin. A top official of a leading asset management company, preferring anonymity, said all investment decisions should be based on proper research. No research can support the purchase of this share at such a high price and volume. “So, it is clear that it was bought to benefit someone,” he added.

Profits of Genex Infosys dropped 21 percent year-on-year to Tk 30 crore in the first nine months of the fiscal year 2023-24. Its earnings per share stood at Tk 2.54 in the July-March period of the fiscal year that ended recently. Commercial banks are largely funded by depositors' money and thus have a fiduciary responsibility towards them and part of that responsibility involves taking prudent investment decisions and risk management practices, said Asif Khan, president of CFA Society Bangladesh. “The investment in this case seems very large compared to the total portfolio size and thus raises some questions,” he added. A top official of the bank, preferring anonymity, said the purchase decision was taken by the board of directors and termed a

“strategic investment”. Usually, it is the management team of a bank that sends such proposals to its board and then, based on it, the board either approves the proposal or declines it. Here, this banking norm was violated, he added. Several top officials of the UCB confirmed to The Daily Star that the decision was taken by the board of directors under the influence of Anisuzzaman Chowdhury Rony, a former director of the bank. Mohammad Monwar Hossain, head of the treasury department of the UCB, did not receive phone calls and a text message from The Daily Star last week for a comment representing the bank's management team. The Daily Star also tried to contact Rony several times. However, his mobile was found switched off.