

# Star BUSINESS

Fashion brands and retailers report increased customer footfall ahead of Durga Puja despite rising prices and political uncertainty



Story on B4

## 4 crisis-hit banks secure Tk 945cr liquidity

STAR BUSINESS REPORT

Four crisis-hit lenders – First Security Islami Bank, Social Islami Bank, Global Islami Bank and National Bank – received a total of Tk 945 crore in liquidity support from the inter-bank money market.

Social Islami Bank received Tk 300 crore from City Bank and Tk 50 crore from Mutual Trust Bank.

First Security Islami Bank got Tk 200 crore from City Bank, Tk 50 crore from Mutual Trust Bank and Tk 50 crore from Dutch-Bangla Bank, according to central bank data.

National Bank secured Tk 200 crore from City Bank, Tk 50 crore from Mutual Trust Bank and Tk 20 crore from Bengal Commercial Bank, as per BB data.

Global Islami Bank got Tk 25 crore from Eastern Bank.

BB Executive Director and Spokesperson Husne Ara Shikha confirmed the development yesterday, adding that some banks are still preparing documents to support the ailing lenders.

Last month, the four banks as well as Union Bank obtained guarantees from the Bangladesh Bank (BB) to avail liquidity support from the inter-bank money market.

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

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

## Inflation continues to ease in Sept but still around 10%



STAR BUSINESS REPORT

Bangladesh's inflation continued to ease for the second consecutive month in September as prices of both food and non-food items cooled off, according to the statistics bureau.

Still, the Consumer Price Index (CPI) has been hovering around 10 percent since March last year despite several interest rate hikes by the central bank.

In September, the CPI stood at 9.92 percent, down from 10.49 percent in August, according to data released by the Bangladesh Bureau of Statistics (BBS) yesterday.

In August, the CPI, a measure of changes in consumer prices for a basket of goods and commodities, dropped to 10.49 percent from 11.66 percent in July.

"The positive news is that inflation has declined for the second consecutive month," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office. "The decline primarily

reflects lower food inflation in both rural and urban markets."

Drop in food inflation probably reflects marginally improved supply and cost conditions. The exchange rate has been stable and floods have receded, he said.

As the headline inflation is still close to 10 percent and non-food inflation in urban markets has increased, Hussain argued that the reduction in inflationary pressure is not solely due to policy tightening and that such measures may still be necessary.

Food prices in September grew at a slower rate of 10.4 percent compared to 11.36 percent in August, according to the BBS. Non-food inflation eased to 9.5 percent in that month from 9.74 percent in August.

The Bangladesh Bank in its quarterly report published yesterday hinted that it may maintain a contractionary monetary policy stance until there are clear signs of inflation easing.

To help curb inflation, the central bank last week raised the policy or repo rate, at which commercial banks borrow from the BB, by 50 basis points to 9.50 percent.

The BB said it is actively working to stabilise inflation while supporting productive economic sectors, despite the various macroeconomic uncertainties facing the economy.

The central bank also mentioned that disruptions in supply chains caused by the nationwide student movement and recent floods could potentially impact inflation in the coming months.

Given that inflationary pressures have become the country's top economic concern, it is expected that the current interim government would continue to implement its strict fiscal policies through spending cuts and reduced budgetary support.

Meanwhile, the Asian Development Bank recently projected that inflation

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## Sky Bees to invest Tk 550cr to set up drone factory

STAR BUSINESS REPORT

Sky Bees Limited, a newly established company, will today sign an agreement with the Bangladesh Export Processing Zones Authority (Bepza) for land to set up an export-oriented unmanned aerial vehicle (UAV) production facility.

Sky Bees is set to invest about Tk 550 crore to establish the facility, which will be built inside the Bepza industrial estate at the Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram's Mirsarai upazila.

The company expects to export UAVs, commonly known as drones, worth \$169 million or roughly Tk 2,300 crore annually after starting production in early 2025.

Sky Bees is the brainchild of Josim Ahmed, an industrialist with an impressive track record in the textile and garment accessories sector, particularly within the export processing zones of Dhaka and Pabna's Ishwardi upazila.

Ahmed's experience extends to his role in establishing two joint ventures: Global Levels Bangladesh Limited, a Spain-Bangladesh partnership, and Jinque Global Textile Bangladesh Limited, a China-Bangladesh collaboration.

With Sky Bees, Ahmed is now focusing on the future, investing in advanced UAV technology, a sector that holds great promise for Bangladesh's export landscape.

According to him, this project represents the hopes of "many dreamers and confident young people."

He describes their journey as one filled with challenges but driven by innovation.

Regarding his team, Ahmed said: "Their eyes and body language make us brave."

He also noted that their progress

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## Stocks plunge as 'manipulators' go for massive sell-offs

STAR BUSINESS REPORT

Stock indexes in Bangladesh plunged by over 2 percent yesterday as a section of investors sold shares on a massive scale apprehending punitive measures from the regulator for their past malpractices.

The benchmark index of Dhaka Stock Exchange (DSE), plummeted by 132 points, or 2.36 percent, from that on the previous day to 5,453.

Over the last three consecutive days, the index had dropped by 205 points.

Some investors staged protests in Motijheel of Dhaka yesterday blaming some recent "wrong decisions" of the Bangladesh Securities and Exchange Commission (BSEC).

The "wrong decisions" include imposition of fines on some investors and downgrading of some companies to "Z" or junk category for regulation violations.

On Tuesday, the BSEC imposed a fine of Tk 428.52 crore on five firms and four individuals for manipulating prices of

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## Why most stock market policies backfired

AHSAN HABIB

The stock market regulator formulated a large number of policies, rules and regulations and passed orders in the last 15 years citing the best interests of investors.

However, most have backfired, leaving the stock market reeling from a crisis of confidence.

Although these changes failed to ensure good governance in the market, Prof Shibli Rubayat-ul Islam and M Khairul Hossain got unwarranted extensions of their tenures at the head of the Bangladesh Securities and Exchange Commission (BSEC).

Analysts pointed out faulty decisions,



including the imposition of floor prices, allowing mutual fund tenure extensions and stock dividends as their returns, and allowing companies with poor performance records to make initial public offerings.

The imposition of strict conditions for the valuation of companies in the bookbuilding method and frequent changes to the circuit breaker -- which determines the extent to

which the price of a stock can increase and decrease in a day -- were also bad policy decisions, they said.

The Khairul-led commission tried to stop forced sales in 2011 and 2012, which ultimately caused institutional investors to lose interest.

Many of them are still dormant in the market as they are bearing the burden of past decisions.

During the pandemic, the stock market was closed for around two months although banking activities had resumed much earlier, said Mohammad Emran Hasan, managing director and chief executive officer of Investit Asset Management.

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## ADP spending hits 12-year low in Jul-Aug

STAR BUSINESS REPORT

The implementation rate of the annual development programme (ADP) in the July-August period of the current fiscal year was the lowest in the past 12 years due to cautious spending by the government and work disruptions amidst political turmoil.

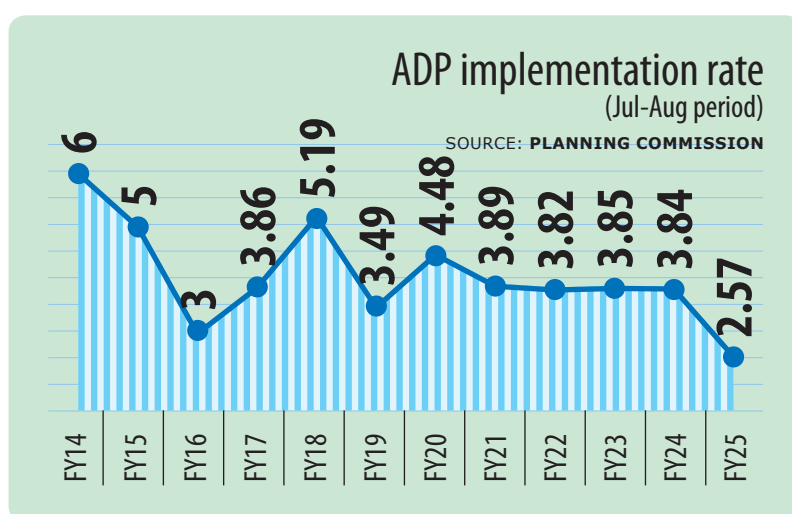
The government allocated Tk 278,288 crore for the ADP this fiscal year, up 9.6 percent from last fiscal's revised budget of Tk 254,000 crore.

According to data from the Implementation Monitoring and Evaluation Division (IMED), the implementation rate stood at just 2.57 percent in the two months, whereas it was 3.84 percent during the corresponding period of the last fiscal year.

Surprisingly, the implementation rate stood at 4.48 percent during the same period even amidst the pandemic.

Data shows that implementing agencies spent Tk 7,143 crore in the first two months of the current fiscal year, whereas they had spent Tk 10,542 crore during the same period in the last fiscal year.

IMED officials said all projects under the ADP had been halted as contractors fled following the ouster



of the Sheikh Hasina-led Awami League government on August 5.

Moreover, out of the 56 ministries and divisions, the land and foreign affairs ministries, law and justice division and parliament secretariat could not spend a single paisa.

An additional 18 ministries and divisions spent less than one percent of their allocations.

Among the 15 ministries and divisions that received the largest allocations, the Power Division spent 5.6 percent of its total allocation followed by the Local Government

Division with 4.6 percent.

The Ministry of Civil Aviation and Tourism spent 3.8 percent while the Ministry of Primary and Mass Education managed 3.2 percent.

"This time, a lack of resources and disruption in activities due to political unrest slowed the implementation rate," said Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue (CPD).

The interim government should scrutinise projects that are at the preliminary stages and revise them if needed, he added.

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এবি ব্যাংক পিএলসি, নতুন দিন গড়ার প্রত্যয়ে চট্টগ্রাম জেলার হাটহাজারীতে ২০০ এর অধিক ক্ষুদ্র ও প্রান্তিক কৃষকদের নিজস্ব তত্ত্বাবধানে ডেবিট কার্ডের মাধ্যমে কৃষি ঋণ বিতরণ করেছে।

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