

Star BUSINESS



Targeted cash transfers can cut poverty by a third: CPD

STAR BUSINESS REPORT

Targeted cash transfers to poor households could reduce Bangladesh's poverty rate by 6.13 percentage points, according to the Centre for Policy Dialogue (CPD), as the think-tank argued that current social safety net programmes are plagued by inefficiencies such as errors in beneficiary selection.

At a dialogue in Dhaka yesterday, the CPD proposed providing Tk 4,500 per month to targeted households based on their level of income.

The CPD said households could be identified using a poverty scorecard and intervention approaches could be tailored to poverty-prone, climate-vulnerable and highly poverty-prone areas.

The think tank contended that current social safety net programmes, despite costing crores in taxpayer money, are insufficient and inefficient in addressing poverty.

According to the National Household Income and Expenditure Survey (NHIES) 2022, the poverty rate in Bangladesh was 18.7 percent, while the extreme poverty rate stood at 5.6 percent.

Despite more than 140 ongoing poverty alleviation programmes, the think tank said the beneficiary selection process does not have objective metrics, meaning officials can exercise excessive discretionary power, which ultimately leads to prejudice and nepotism.

CPD SUGGESTS

- ➔ Adopting universal basic income for citizens in next budget
- ➔ Introducing a poverty scorecard with 10 indicators to assess poverty
- ➔ Allocating Tk 4,540 per month for every poor household
- ➔ Increasing tax-GDP ratio

"Besides, most of these programmes are rural-centric, which is ineffective in reducing overall poverty," said Towfiqul Islam Khan, a senior research fellow at the CPD.

While presenting the keynote at the dialogue, titled "Assessing the Viability of Universal Basic Income (UBI) in Bangladesh" at Hotel Lakeshore in Gulshan, Khan said that the government should select its approach based on the country's limited revenue mobilisation capacity.

Professor Rehman Sobhan, chairman of the CPD, Amir Khasru Mahmud Chowdhury, former commerce minister, and KAS Murshid, head of the interim government's sustainable development review task force, also spoke at the event.

Targeted cash transfers to cost up to 1.35% of GDP

The CPD estimated that a nationwide cash grant programme could cost the government 1.35 percent of the country's gross domestic product (GDP).

"The second approach, providing targeted cash grants to poverty-prone households, would cost around 0.84 percent of the GDP. Programmes

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MGI's \$700m investment in Cumilla EZ stuck in energy crisis

JAGARAN CHAKMA

Three production units owned by Meghna Group of Industries (MGI) have been sitting idle inside the Cumilla Economic Zone despite two years having passed since construction works were completed due to a lack of gas and power connections.

The industrial conglomerate has already invested \$700 million in the three units, with \$400 million going towards a steel mill, \$200 million for a glass factory and \$100 million for a paperboard manufacturing unit, according to Mostafa Kamal, chairman and managing director of MGI.

Additionally, the company has been incurring around Tk 80 crore in annual losses since 2022 to maintain the inactive units, Kamal said.

He added that the Bangladesh Economic Zones Authority (Beza) could not provide any answers about when gas and power supplies

Officials blame the previous government's allocation of land to the private sector players without adequate assessment

would be ensured. Instead, public officials blame the previous government's allocation of land to the private sector players without adequate assessment.

The Cumilla Economic Zone, located in the district's Meghna upazila along the Dhaka-Chattogram highway, spans 350 acres.

While recalling the tumultuous timeline so far, Kamal said BEZA held a multilateral meeting featuring representatives from the Gas Transmission Company (GTCL), Petrobangla, Titas Gas Transmission and Distribution Company Limited (TGTDL), Cumilla EZ and the Energy Division in 2022.

Various decisions were made to speed up

MGI has invested ...

- ➔ \$400m for a steel mill
- ➔ \$200m for a glass factory
- ➔ \$100m for a paper board mill

AT A GLANCE

- ➔ The factories were built in 2022
- ➔ But those are yet to get gas, electricity lines
- ➔ MGI faces Tk 80cr in annual maintenance cost



the process of providing electricity and gas connections, but none have had any tangible impact yet.

To speed up the connection process, Kamal said MGI even provided an additional Tk 100 crore for the development of the grid network and Tk 100 crore for GTCL's pipeline infrastructure.

But the slow rate of progress is frustrating, he added. Ashik Chowdhury, executive chairman of both Beza and the Bangladesh Investment Development Authority (Bida), said discussions were underway with MGI and utility service providers to find a solution.

An inter-ministerial meeting will be held to speed up the process of providing gas and electricity connections to the economic zone, he added.

Chowdhury also blamed the previous government's "indiscriminate" land allocation to the private sector for the current

situation.

Shahnewaz Parvez, the managing director of TGTDL, said they could not currently provide new connections to industries and economic zones due to an ongoing national gas crunch.

A meeting regarding gas connections for economic zones was held by Petrobangla recently, where it was decided to seek a final decision from the Ministry of Power, Energy and Mineral Resources, Parvez said.

He added that the situation could worsen if adequate liquefied natural gas is not imported.

Abdur Rashid Khan, managing director (additional charge) of PGCB, said they provide high-voltage industrial connections while distributors like the Bangladesh Rural Electrification Board (BREB) give connections to private economic zones.

"I am not aware of any application from the Cumilla Economic Zone," he told The Daily Star.

Most SMEs cite tax structure as main barrier

STAR BUSINESS REPORT

Around 57 percent of surveyed small and medium enterprises (SMEs) cited the existing tax structure as the main obstacle to doing business in compliance with the law, according to a report by the SME Foundation.

The trade licence renewal process was the next biggest barrier, being identified by 54 percent of entrepreneurs, it said.

Other leading concerns were regarding the cost of trade licences, singled out by 51 percent of respondents, and the complexity of laws and regulations, pointed out by 44 percent.

Melita Mehjabeen, a professor of the Institute of Business Administration (IBA) at the University of Dhaka, conducted and

IN THE SURVEY

- 57% SMEs cite tax structure as the main obstacle to doing business
- 54% consider trade licence renewal process an obstacle
- 51% see additional cost for trade licences as a bottleneck
- 44% say complexity in govt laws and regulations creates problems

led the research. She presented the findings at a seminar yesterday.

The seminar, styled "Informal SMEs in Bangladesh: Formalization Challenges and Way Forward", was organised by the SME Foundation and German development agency Friedrich-Ebert-Stiftung (FES), Bangladesh at Parjatan Bhaban in the capital yesterday.

Sadia Noor Khan, an associate professor of the Department of Banking and Insurance at the University of Dhaka, was the co-researcher.

The study surveyed 304 entrepreneurs across Dhaka, Chattogram, Sylhet, Khulna and Rajshahi.

Mehjabeen said more than 74 percent of small and medium entrepreneurs want to do business in line with government rules and regulations.

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Panel to address labour unrest at Beximco factories

STAR BUSINESS REPORT

The government has formed a six-member committee to review the labour and business environment at the Beximco Industrial Park, an enclave of 24 industrial units owned by troubled conglomerate Beximco.

Headed by Labour and Employment Adviser M Sakhawat Hussain, the panel will recommend short-, medium- and long-term measures to resolve labour unrest at the park.

Finance Adviser Salehuddin Ahmed, Home Affairs Adviser Md Jahangir Alam Chowdhury, Industries Adviser Adilur Rahman Khan, Commerce Adviser Sk Bashir Uddin and the Chief Adviser's Special Envoy on International Affairs Lutfey Siddiqui are the other members of the panel.

The committee will also take required measures to ensure the desired work environment in similar firms, according to a notification issued by the cabinet division yesterday.

A five-member committee, comprising secretaries from the Bangladesh Investment Development Authority as well as the commerce and labour ministries, will assist the advisory panel.

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ADP spending hits record low

STAR BUSINESS REPORT

With public projects disrupted following the political changeover on August 5 and the interim government exercising caution in spending, the implementation rate of the annual development programme (ADP) fell to at least 14-year low in the July-October period of this fiscal year.

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

However, in the first four months of FY25, implementing agencies could spend only Tk 21,978 crore, according to data from the Implementation Monitoring and Evaluation Division (IMED).

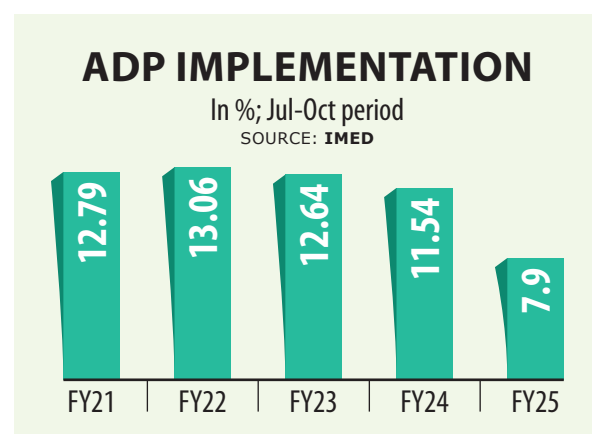
They spent Tk 31,692 crore during the same period in the last fiscal year.

This was reflected in the drop in the implementation rate, which fell from 11.54 percent to just 7.90 percent year-on-year in the four-month period.

The government could implement only 14.25 percent of the ADP in the same period in FY20.

According to the IMED officials, all projects under the ADP are on hold as contractors, who fled following the ouster of the Awami League government, are yet to return to work.

The ADP implementation rate is usually slow at the beginning of the fiscal year, said Mir Nasir Hossain,



managing director of construction company Mir Akhter Hossain Ltd.

But this year is different due to the political changeover and anti-discrimination student movement, which impacted the ADP implementation, he said.

Besides, the government is identifying project which are not that important, for which the rate of implementation of the ADP is slow compared to that of previous years, he said.

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Japan inflation eases to 2.3% in October

AFP, Tokyo

Japanese inflation slowed slightly in October with prices up 2.3 percent on-year, official data showed Friday, as the government readies a huge economic stimulus package.

The core Consumer Price Index (CPI), which excludes volatile fresh food prices, was down from 2.4 percent in September and 2.8 percent in August. But it stayed above the Bank of Japan's key inflation target of two percent, set over a decade ago as part of efforts to boost the stagnant economy.

Japan's minority government is expected to unveil a 22 trillion yen (\$140 billion) stimulus package on Friday, aiming to put more money in consumers' pockets after the ruling party's worst election result in 15 years.

The stimulus includes energy and fuel subsidies as well as cash handouts for low-income households in the world's fourth-biggest economy, local media has reported.

"The pace of price increases is expected to accelerate toward the end of (the current fiscal year) as inflation mitigation measures are scaled back," Taro Saito from NLI said.

Going forward, "the upward pressure on service prices from wage increases will likely be offset by a slowdown in goods price growth driven by yen appreciation, causing the inflation rate to fall below the Bank of Japan's two percent target", he added.

ACI Foods introduces 'Pure Fortified Rice'



M Anis Ud Dowla, chairman of ACI Group, poses for photographs while unveiling the company's new product, named "ACI Pure Fortified Rice", at the ACI Centre in the capital's Tejgaon recently.

PHOTO: ACI

STAR BUSINESS DESK

ACI Foods, a subsidiary of ACI Limited, introduced "ACI Pure Fortified Rice", the first brand of fortified rice in Bangladesh enriched with vitamins and minerals, under its renowned ACI Pure brand.

This marks a significant milestone in the company's commitment to providing nutritious food for consumers and ensures nutrition for pregnant women and children, according to a press release.

M Anis Ud Dowla, chairman of ACI Group, unveiled the product at the ACI

Centre in the capital's Tejgaon recently.

The chairman drew attention to the critical issue of malnutrition in Bangladesh and highlighted that ACI is committed to driving development and nutritional progress by focusing on offering products that have a direct and positive impact on reducing nutritional deficiencies.

Arif Dowla, managing director of the company, expressed confidence that the new product would play an essential role in fulfilling the micronutrient deficiencies and advancing the nation's well-being.

The rice range offers two premium

variants: Jeerashail and Katari rice.

Both variants are fortified with Vitamin A, Vitamin B1, Vitamin B12, iron, zinc, and folic acid, which enhance the nutritional value of the rice.

These fortifications are designed to support the overall health and well-being of consumers.

Md Masudul Hasan, secretary to the ministry of food, Faria Yasmin, chief business officer of ACI Foods and Commodity Brands, and Mannan Mumma, deputy head of programmes at the World Food Programme, were also present.

NCC Bank organises training on financial literacy for entrepreneurs



Gazi Md Saifuzzaman, director general of the Department of Youth Development, and M Shamsul Arefin, managing director and CEO of NCC Bank PLC, pose for photographs with participating women entrepreneurs of the training programme at Gram Unnayan Karma auditorium in Bogura recently.

PHOTO: NCC BANK

STAR BUSINESS DESK

NCC Bank PLC, in collaboration with the Department of Youth Development (DYD), recently organised a three-day training programme on "Financial Literacy & Technical Skill Development for Women Empowerment".

A total of 100 entrepreneurs participated in the training, conducted at the Gram Unnayan Karma auditorium in Bogura.

Gazi Md Saifuzzaman, director general of DYD, inaugurated the programme as chief guest, according to a press release.

"The DYD is working to groom the youth to become self-employed across the country," he said, adding that around four lakh aspiring entrepreneurs receive training from DYD round the year.

"Many of them earn foreign currencies after being trained in freelancing, which directly contributes towards the economy."

Besides, the bank also arranged an open credit disbursement programme for women entrepreneurs.

M Shamsul Arefin, managing director and CEO of the bank, disbursed open credit facilities among five women entrepreneurs as guest of honour at the closing ceremony. He said this training programme would help improve skills and enhance business knowledge, especially in terms of financial management.

Jalalabad Gas logs Tk 7,331cr revenue



ABM Abdul Fattah, chairman of Jalalabad Gas Transmission and Distribution System Ltd, presides over the company's 38th annual general meeting at Petrocentre in the capital's Karwan Bazar recently.

PHOTO: JALALABAD GAS TRANSMISSION

STAR BUSINESS DESK

Jalalabad Gas Transmission and Distribution System Ltd announced that they chalked up a total revenue of Tk 7,331.37 crore from the sales of 3,917.819 million cubic metres (MMCM) of gas for the fiscal year 2023-24.

The company deposited Tk 185.82 crore into the government exchequer in the form of debt service liabilities, dividends, income tax and import duties.

The announcement came at the company's 38th annual general meeting at Petrobangla, Petrocenter in the capital's Karwan Bazar recently, the company said

in a press release.

ABM Abdul Fattah, chairman of the company, a subsidiary of Petrobangla, presided over the meeting.

The shareholders and the board of directors of the company are satisfied with the overall activities conducted by the company during the financial year of 2023-24. The meeting approved the audited financial statements of the company for the fiscal year 2023-24.

Zanendra Nath Sarkar, chairman of Petrobangla (Grade-I), along with the shareholders, directors, managing director and general managers of the company, were also present at the meeting.

Global banks weigh

FROM PAGE B4

The most likely liability facing the banks is civil liability from investors introduced to Adani through the banks, said John Joy, managing attorney at FTI Law, a law firm that specializes in Foreign Corrupt Practices Act (FCPA) violations.

"Civil litigation is a lengthy process, and it is possible that during discovery investors could uncover involvement that has not been disclosed by the SEC (Securities and Exchange Commission) or DOJ (Department of Justice)," he said.

Adani has not been arrested yet and US prosecutors would need to ask the Indian government to extradite him under the terms of the countries' extradition treaty. Adani could fight extradition, and it is unclear how long the process might take.

"There's been no conviction ... but if you're a risk officer at a bank with exposure to Adani, maybe you're getting a little bit nervous," said Ed Al-Hussainy, head of emerging market fixed income research at Columbia Threadneedle.

National Bank arranges 'Strategic Review Meeting'

STAR BUSINESS DESK

National Bank recently arranged a "Strategic Review Meeting" at its training institute in the capital, focusing on current and future action plans.

Md Touhidul Alam Khan, managing director and CEO of the bank, attended the meeting as chief guest, according to a press release.

Khan provided valuable guidance and outlined strategic roadmaps on key priorities, including recovering default loans, addressing ongoing liquidity concerns, and improving customer service.

He assured attendees that the liquidity challenges currently facing National Bank would be resolved soon.

Khan also discussed the bank's operational strategies, ongoing initiatives and overall growth trajectory, emphasising the importance of a collective effort to drive the bank forward.



Md Touhidul Alam Khan, managing director and CEO of National Bank, attends a "Strategic Review Meeting" at the National Bank Training Institute in the capital recently.

PHOTO: NATIONAL BANK

Al-Arafah Islami Bank holds school banking campaign in Cumilla



PHOTO: AL-ARAFAH ISLAMI BANK

Husne Ara Shikha, executive director of the Bangladesh Bank, attends a "School Banking Campaign" organised by Al-Arafah Islami Bank, at the Ibn Taymiyya School and College in Cumilla recently.

STAR BUSINESS DESK

Al-Arafah Islami Bank recently organised a "School Banking Campaign" with the theme of "One School, One Branch, One Bank, All Banking Services" at Ibn Taymiyya School and College in Cumilla, aiming to instill the spirit of saving among students.

Husne Ara Shikha, executive director of the Bangladesh Bank, attended as chief guest, the bank said in a press release.

Md Fazlur Rahman Chowdhury, deputy managing director of the bank, presided over the event.

Mohammad Shafiqul Alam Helal, principal of the college, AKM Amjad Hossain, executive vice-president of the bank, Sheikh Asadul Haque, senior assistant vice-president, and Mozaharul Islam Chowdhury, manager of the bank's Cumilla branch, along with senior bank officials and teachers and students of the institution were also present.

Eurozone business activity contracts

AFP, Brussels

Business activity in the eurozone contracted for the second time in three months in November, as weak demand saw companies facing challenges securing orders, a closely watched survey showed Friday.

The HCOB Flash Eurozone purchasing managers' index (PMI) published by S&P Global dropped to 48.1 compared to 50.0 in October, the most marked rate of contraction in ten months. Any reading above 50 indicates growth, while a figure below 50 shows contraction.

"Things could hardly have turned out much worse," said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank.

"The eurozone's manufacturing sector is sinking deeper into recession, and now the services sector is starting to struggle after two months of marginal growth."

The survey showed that Germany and France, the 20-country single currency area's two biggest economies, were once again driving the weakness, with the latter posting the fastest fall in activity since January.

Business activity in the eurozone's service sector also decreased for the first time in ten months -- but the reduction was "only slight" and much weaker than that seen in manufacturing, according to the survey.

The data might tame expectations of another interest rate cut in December after the European Central Bank (ECB) already stepped up the pace of reductions this year.

"We thought that lower inflation and higher wages would boost consumption and demand for services, but that hope has been dashed," said de la Rubia.

"Some ECB members might even argue for a rate pause in December, but most will probably stick with a 25 basis point rate cut".

The Frankfurt-based ECB has lowered borrowing costs three times since June.

Meanwhile, eurozone output came in stronger than expected at 0.4 percent in July-September but that is still behind the United States and China, and experts have warned of slow growth in the months ahead.

"The November PMI is another wake-up call for eurozone policymakers that the economy continues to show signs of weakness," said Bert Colijn of ING Bank.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (NOV 24, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 68-Tk 80	2.78 ↑	8.03 ↑
Coarse rice (kg)	Tk 50-Tk 55	0	2.94 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-10.53 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 167-Tk 170	6.98 ↑	10.49 ↑
Potato (kg)	Tk 75-Tk 85	39.13 ↑	68.42 ↑
Onion (kg)	Tk 115-Tk 130	0	11.36 ↑
Egg (4 pcs)	Tk 45-Tk 50	-3.06 ↓	14.46 ↑

SOURCE: TCB

Renata approves Tk 325cr preference shares

STAR BUSINESS REPORT

Leading local drugmaker Renata PLC has issued preference shares of up to Tk 325 crore to refinance its loans.

Preference shares, or preferred stock, offer dividends paid out to shareholders before common stock dividends.

The purpose of the issuance of the non-cumulative, non-participative, redeemable, or fully convertible preference shares is to refinance existing loans, the company said.

Renata also said the share issuance is subject to shareholder approval at an extraordinary general meeting scheduled to be held on January 12 in 2025, and regulatory consent from the Bangladesh Securities and Exchange Commission.

The pharmaceutical company shared the information through a disclosure on the website of the Dhaka Stock Exchange (DSE) yesterday.

Shares of Renata declined 1.09 percent to Tk 633.1 yesterday.



Accelerating revenue collection by NBR

AF NESARUDDIN

There is no denying that Bangladesh's economy has grown at a fast and more or less constant rate since the early 90s. Similarly, our dependence on foreign loans and grants for development budget had also reduced after, among others, the introduction of VAT.

Various financial reforms and expanding and strengthening the private sector have contributed significantly to this growth. Exports have been diversified but still focus on garments and manpower. Currently, our GDP is at Tk 5 million crore with an average growth of 6 percent. Per capita income has also grown significantly, registering above \$2,750.

This indicates that nationally, in spite of the economic growth, the number of taxpayers and revenue collection has not reached the desired level. The tax GDP ratio is still below 7.5 percent compared to an average of 19 percent in the Asia Pacific and 34 percent in member countries of the Organisation for Economic Co-operation and Development.

There are about 10 million TIN holders in Bangladesh, of which only 3.4 million individuals and 34,000 corporates file tax returns covering all categories. The reasons for non filing of tax returns need close scrutiny and monitoring. The possibility of TIN duplication cannot be ruled out either.

Of the total revenue collection of Tk 382,562 crore in fiscal 2023-24, the category-wise proportions of tax collection reveal that 13 percent came from individuals, 20 percent from corporates, 40 percent from VAT and 26 percent from other sources.

This indicates lower levels of collection from corporate taxes. Many businessmen and entrepreneurs claim that they are paying huge revenue to the government exchequer. But the question is what the proportion between direct tax and indirect tax is.

It is well known that indirect taxes are added to product costs and recovered from consumers. So, there is no credit for it. It is a fact that our economy is currently passing through a challenging phase. The shortage of foreign currency has hampered imports, impacting production and exports while the cost of production has risen due to inflation. Businesses were also impacted by the recent mass movement.

In such a situation, it is very unlikely to collect significant revenue from businesses. However, minimising tax evasion and combating corruption are possibly the low hanging fruits to increase revenue collection.

In spite of various efforts over the years, adequate laws and regulations and pressure from the government, revenue collection could not be increased to the desired level.

People's apathy toward tax payments, tax evasion and corruption are the principal causes for this situation. On the other hand, in most cases corruption takes place principally by taxpayers in connivance with tax officials and consultants. The lack of transparency and accountability through reliable financial reporting is also responsible for this situation.

Credible and authentic financial statements are the basis of tax calculation. Unfortunately, many businesses are not reporting financial statements properly. Tax audit is the only way to mitigate this situation. It is important for the tax auditor to be different from statutory auditors. Similarly, there is no alternative to digitalisation to ensure transparency and accountability.

Besides, corruption has gone beyond tolerable levels so this must be controlled. Enforcement of law should be applied in a stringent way when tax evasion involving significant amounts is identified.

Finally, administrative and policy reforms for the National Board of Revenue are overdue. Also, genuine and regular taxpayers should be rewarded by minimising unnecessary harassment by way of arbitrary disallowances, simplifying the refund process and other similar incentives.

The author is a senior partner of Hoda Vasi Chowdhury & Co and former president of ICAB

Fed survey finds inflation fading

REUTERS, Washington

President-elect Donald Trump may have campaigned hard against high inflation, but by the time of his Nov. 5 election victory financial professionals had moved on from rising prices and begun worrying about rising US debt, possible recession, and risks to global trade as among the top threats to the stability of the financial sector, according to a new Federal Reserve survey released on Friday.

"Concerns over US fiscal debt sustainability was the top-cited risk. It was noted that increased Treasury issuance could begin to crowd out private investment or constrain policy responses in an economic downturn," the US central bank survey found, while a potential weakening of the economy and possibility of a global trade war moved higher on the list of worries.

These concerns have also been reflected in recent bond market behavior, with yields on 10-year Treasury notes, for instance, rising sharply over the last two months despite the Fed having cut its benchmark lending rate twice by a total of 75 basis points.

Alongside that, an estimate of Treasury term premium - a measure of the compensation that investors require to hold longer-term Treasury securities rather than shorter-term ones - was near the top of its range since 2010. Moreover, measures of interest rate volatility were above historic norms, in part due to "high uncertainty about the economic outlook and the associated path of monetary policy as well as heightened sensitivity to news about output growth, inflation, and the supply of Treasury securities."

Meanwhile a potential weakening in the economy and the possibility of a global trade war moved higher on the list of worries.

"Risks to global trade were specifically cited in this survey, with some respondents noting the potential for tariff barriers to prompt retaliatory protectionist policies that would negatively affect global trade flows and put renewed upward pressure on inflation," the survey found. "Others noted that a deterioration in global trade could depress economic activity and raise the risk of a downturn."

Container handling at Ctg port rises 10% in Aug-Oct

DWAIPAYAN BARUA, Chattogram

There has been a significant year-on-year rise in the number of containers handled at Chattogram port in the three months till October while there was a drop in the overall handling of cargo and ships.

The port handled a total of 8.30 lakh TEUs (twenty-foot equivalent units) of containers, both goods-laden ones and empty, between August and October.

This is 10.21 percent higher than the 7.54 lakh TEUs handled in the same period last year.

Of the 8.30 lakh TEUs, 4.50 lakh TEUs had arrived, while the rest were destined to go abroad.

According to Chittagong Port Authority (CPA), the data was a compilation of the number of containers handled at the port's jetties, Kamalapur Inland Container Depot in Dhaka and Pangaon Inland Container Terminal in Keraniganj.

The port users opined that a significant number of containers that could not be moved for political turmoil since mid-July were transported later, and thus the volume increased in subsequent months.

A container congestion arose at the port yards due to the political unrest, said Muntasir Rubayat, head of operations at GBX Logistics, a leading feeder vessel operating firm.

This caused delays in the unloading and loading of cargo and led to the formation of a long queue of vessels, he told The Daily Star.

Many export-laden containers could not be brought to the port from factories and private inland container depots (ICD) due to disruptions in vehicular movement on the Dhaka-Chattogram highway, he said.

As the situation slowly improved, it



was possible to bring these to the port in the following weeks and thus there was a gradual increase in the flux of containers and vessels in the following months.

Port data shows that container throughput rose at the port and Kamalapur ICD in August and September.

In terms of the overall handling of cargo, including containerised and bulk cargo, the port saw a 5.18 percent year-on-year decrease in the three months.

A total of 2.91 crore tonnes of cargo were handled through the port's jetties and outer anchorage from August to October.

It was over 3.07 crore tonnes in the same period last year.

There was a decrease in the import of cargo in bulk in August and September, said Syed Md Arif, president of Bangladesh Shipping Agents Association.

This is due to the fact that importers who made small-scale purchases were finding it hard to open letters of credit for a crisis of US dollars, he said.

Even those who usually make large-scale purchases imported goods in small quantities and for this, they hired comparatively small-sized bulk carriers.

There was an increase in the number of bulk carriers that had arrived in September and October, Arif added.

A total of 966 vessels arrived in the last three months, whereas it was 1,023 in the same period last year.

Global banks weigh halting fresh credit to Adani

REUTERS, Hong Kong/New York

Some global banks are considering temporarily halting fresh credit to India's Adani Group but staying put with existing loans following US prosecutors' indictment of its billionaire founder Gautam Adani for fraud, sources said.

US prosecutors have charged eight people, including Adani chair Gautam Adani, with agreeing to pay about \$265 million in bribes to Indian government officials to obtain contracts and develop India's largest solar power plant project.

The crisis is the second in two years to hit the ports-to-power conglomerate founded by Adani, 62, one of the world's richest people. Adani Group has said the allegations made by the US authorities were "baseless and denied".

Senior executives at two of Adani's global lenders said that they have had multiple calls within their respective banks since the indictment details were announced to discuss exposure to the group and what the impact of the latest development would be on the group's financials.

"We will have to put a pause to fresh lending until we are able to figure how this will play out. I think it will be a while before the bank is able to tap the credit market," said a banker at one of

the leading Western banks.

The banker, who is involved in talks related to Adani credit exposure and declined to be named as he was not authorised to speak to the media, said most of the group firms have stable cash flows and are not in "desperate need" to raise capital.

Wall Street closed higher on Friday, with all three major indexes posting weekly gains.

The indictment would, however, cast a cloud over fundraising plans for expansion within India and abroad, as there will be greater creditor scrutiny not just on the indictment outcome but also on the "key man risk" for the group, the banker said.

A senior banker at another Western bank, which is one of the major lenders to the group, said that the bank would also put a temporary freeze on fresh lending and was keeping a close watch on the Indian government's reaction to the indictment.

All the bankers spoke to Reuters for this story on the condition they and their institutions would not be identified due to the sensitivity of the matter and because the internal discussions are confidential.

Indian opposition parties that have long complained that Adani and his conglomerate have been treated favorably by Prime Minister

Narendra Modi's government called for an investigation into allegations of wrongdoing. Modi and Adani, both from the western state of Gujarat, have denied impropriety.

"Our future course of action will largely depend on whether the government will now try to find a way to resolve this or launch its own probe," said the senior banker at a Western bank, adding the infrastructure giant has now become

"too-big-to-fail" for India.

A Japanese bank with credit exposure to Adani said in cases like the one involving the Indian conglomerate, lenders tend to pause fresh lending due to reputational risk. The indictment of an individual, however, would generally not break any of its loan covenants, said the bank, which declined to be named.

Adani did not immediately respond to Reuters request for comment.

In a statement in April last year, Adani said global banks including Barclays, Deutsche Bank, Mizuho, Mitsubishi UFJ Financial Group, SMBC Group and Standard Chartered reaffirmed confidence in the Adani group after it was hit by a short-seller attack.

Spokespersons for the banks declined to comment.

S&P Global Ratings said in a note on Friday the indictment could affect investor confidence in Adani

group entities, thereby potentially impairing their funding access and increasing their funding costs.

"We believe domestic, as well as some international banks and bond market investors, look at Adani entities as a group, and could set group limits on their exposure. This may affect the funding of rated entities," it said.

The rating agency, however, added that the rated entities have "no immediate and lumpy" debt maturities.

Some global banks with ties to Adani are parsing through bond and loan documentations to see if it exposed them to a risk of default or created a liability if investors decided to demand their money back, said another banker.

But there was not a lot of legroom in documentation for either investors or the bankers to force the company to pay them back since there was no conviction yet, said lawyers familiar with corporate bond and loan agreements.

Om Pandya, a Houston-based capital markets partner at Clifford Chance, said continued payment of interest by a borrower would also typically undermine any potential argument by creditors looking at clauses in loan or bond documentations to trigger a default.



A man walks past a corporate office of Adani Group in Gurugram, India.

PHOTO: REUTERS/FILE

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