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Star BUSINESS


# Govt moves to prevent unusual airfare hike

STAR BUSINESS REPORT

The civil aviation and tourism ministry has issued 10 directives aimed at protecting passengers' interests by preventing an unusual increase in air ticket prices.

A gazette notification detailing the new measures was issued on Tuesday, targeting airlines and travel agencies operating in the country.

The ministry stated that, for all ticket bookings, including group reservations, travellers must provide their name, passport number, and a photocopy of their passport.

According to the gazette notification, "If a ticket is not issued in the passenger's name within three days, the airline must automatically cancel the booking after 72 hours".

Airlines and travel agencies must finalise the sale of all previously blocked group-booked tickets within the next seven days (from the issuance of the circular on February 11), providing passenger details.

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# Deferring LDC graduation not an option

## Economist says

STAR BUSINESS REPORT

Deferment of Bangladesh's country status graduation should not be even up for discussion as inclusion in the least developed country category is voluntary while upgrading to the developing country grouping is mandatory, said a noted economist yesterday.

Many are arguing in favour of the deferment, but the smart move for the country would be to start taking preparations for a smooth transition, said Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue (CPD).

He was addressing a discussion on "Restoring stability in economic and political landscape" at an 8th SANEM Economists' Conference 2025 organised by the South Asian Network on Economic Modeling (SANEM) at BRAC Centre Inn in Dhaka.

No other peer country is demanding a deferment and while a country needs to meet two out of three criteria to be eligible for the graduation, Bangladesh has qualified in all three, said Rahman.

Even Nepal, which is scheduled to graduate with Bangladesh in November 2026, is not demanding a deferment, he said.

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# BSC to buy 6 ships for $330m to build container fleet

Shipping Corporation to buy the vessels from South Korea

CONTAINERFLOWTOAND FROM BANGLADESH'S MAJOR SEAPORT

Some 2.92mTEUsof containerstransported throughCtgportin2024

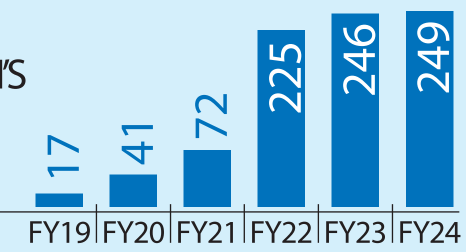
In2023,2.60m TEUsofcontainers weretransported

Foreign ships carry over 90% of the total containerised goods

Local HR Lines operatesafleetof 8containerships

BSCwillbesecondBangladeshifirmtocarry containers

SHIPPING CORPORATION'S PROFIT (In crore taka)




SOURCE: BSC ANNUAL REPORT

Majorfinancialsof BSC in FY 24

Netprofitmargin 41.88% | EarningspershareTk 16.37

Returnonequity 16.05% | RetainedearningsTk 507cr

DWAIPAYAN BARUA *and* AHSAN HABIB

The Bangladesh Shipping Corporation (BSC) is going to purchase six modern container ships from South Korea at a cost of $330.32 million to break the stranglehold enjoyed by non-Bangladeshi feeder vessels, which results in the loss of a substantial amount of foreign currency in freight costs.

Yesterday, the state-run corporation announced that it had received primary approval from the Planning Commission to acquire six container vessels from South Korea, each with a capacity of 2,500-3,000 twenty-foot equivalent units (TEUs).

This will be the first addition of container ships by the national flag carrier in more than a decade, with previous purchases having been out of commission for a long time.

The new ships, each capable of carrying 2,500-3,000 TEUs, will be bought at a cost of Tk 3,836 crore from two South Korean ship-building firms, with approximately 92 percent of the cost will be financed through a foreign loan.

BSC Managing Director Commodore Mahmudul Malek told The Daily Star that South Korean EXIM Bank would provide Tk 3,500 crore as a loan for the project while the remaining funds would be financed by BSC.

He added that the government has approved a feasibility study on the purchase, to be conducted by Korea's Economic Development Cooperation Fund (EDCF).

According to a disclosure on the Dhaka Stock Exchange website, a concept paper has been signed between EDCF, Korea, and BSC, under which EDCF is conducting the feasibility study for the project.

With approval from the Korean side, the feasibility study is expected to take two to three months, after which a contract will be signed, he anticipated.

The six new vessels are expected to be added by 2027.

Initially, BSC plans to operate the ships between Chattogram and transshipment ports in Singapore and Malaysia, though they may also be chartered for other global routes.

Malek expressed confidence that the six new container ships would generate an additional Tk 700 crore to Tk 800 crore in annual revenue, transporting over 500,000 TEUs of containers each year.


**FOREIGN FEEDER SHIPS DOMINATING THE SCENE**

At present, around 80 feeder vessels transport containerised cargo between transshipment ports and Chattogram port, which handles 98 percent of the country's total containerised goods transport.

Last year, a total of 2.92 million TEUs of import, export, and empty containers were transported through Chattogram port, according to shipping agents.

Yet, Bangladeshi feeder-vessel operator HR Lines Limited, a subsidiary of Karnaphuli Group, is the only local firm that operates container ships at present, with its eight ships having a combined carrying capacity of 11,840 TEUs.

Through its latest initiative, the BSC will become the second Bangladeshi firm to venture into container shipping in recent years.

The state-run corporation was a pioneer in this regard, acquiring the first container ship owned by the country, named "Banglar Shikha", in 1991. It also operated two multi-purpose ships for container shipping.

However, all three of those vessels ceased operations over a decade ago.

Bangladesh Shipping Agents Association Chairman Syed Md Arif noted that private Bangladeshi firms had previously entered the container shipping business but could not sustain their operations.

As a result, the sector became entirely dependent on foreign-owned vessels for several years.

Bangladesh Freight Forwarders Association Vice-President Khairul Alam Suzan echoed that sentiment, saying foreign feeder vessels were currently dominating the trade, leading to a significant outflow of foreign currency due to freight costs.

With the inclusion of BSC's new ships, the country will not only save substantial foreign currency but also create more employment opportunities for local seafarers, he opined.

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# Gas price hike to cripple local industry, businesses warn

STAR BUSINESS REPORT

The hike in gas prices proposed by distributing companies could severely impact the production of local industries and increase import dependence, businesses cautioned yesterday.

They voiced their concerns at a seminar on policy consideration in energy affordability and its impact on industrial competitiveness, organised by the Economic Reporters' Forum (ERF) and Policy Exchange Bangladesh at the InterContinental Dhaka yesterday.

"The government's plan to double gas prices would significantly raise production costs, making local industries uncompetitive and discouraging investment," said M Masrur Reaz, chairman and CEO of Policy Exchange Bangladesh.

Reaz said important sectors like steel, cement, and ceramics would become more reliant on imports, intensifying the pressure on foreign reserves. He also warned that rising gas prices could force many industries to shut down, leading to a rise in non-performing loans. Higher energy costs would also deter foreign direct investment (FDI) and local business expansion, he added.

Reaz stressed the need for rational energy pricing, investment in renewables, and strategies to stabilise the power grid.

Anwar ul Alam Chowdhury, president of the Bangladesh Chamber of Industries, criticised the proposal to raise gas prices by 150 percent for new industries and 50 percent for expansion projects.

"Bangladesh's industries were built on affordable gas, but rising energy costs, high bank interest rates, and excessive taxation are making survival difficult," he said, urging the government to prioritise existing industries before promoting new ones.

Shawkat Aziz Russell, president of the Bangladesh Textile Mills Association, echoed those concerns, accusing past administrations of mismanaging gas purchases and contributing to industrial distress.

Jalal Ahmed, chairman of the Bangladesh Energy Regulatory Commission, acknowledged the deepening energy crisis, attributing it to years of delayed price adjustments. He said energy prices should have been adjusted gradually over time, adding that the sudden hike poses a significant financial strain on industries.

STOCKS

| DSEX ▲ | CASPI ▲ |
|---|---|
| 0.46% | 0.11% |
| 5,224.37 | 14,513.66 |

COMMODITIES

| Gold ▲ | Oil ▲ |
|---|---|
| $2,953.98 | $72.19 |
| (per ounce) | (per barrel) |

ASIAN MARKETS

| MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
|---|---|---|---|
| ▼ 0.27% | ▼ 1.24% | ▼ 0.17% | ▼ 0.02% |
| 75,735.96 | 38,678.04 | 3,927.51 | 3,350.78 |

# Bridge banks proposed to run failed banks

STAR BUSINESS REPORT

BRIDGE BANK

A temporary institution to manageafailed bank

Ensures seamless bankingwhile finding out a buyer

BB WILL BE ABLE TO

| Appoint temporary administrators tobridgebanks | Raisecapital throughnew or existing shareholders | Transfer shares, assets&liabilities withoutshareholder consent |
|---|---|---|

GOALS

- To help the bank return to solvency
- Tohelpthebankbeboughtbyahealthyinstitution
- To help the bank be liquidated

The Bangladesh Bank will be able to sell or liquidate weak banks by forming bridge banks—financial institutions that temporarily take over a failed bank, according to the draft Bank Resolution Ordinance.

Finalised by the Bangladesh Bank (BB), the draft was recently published on the Financial Institutions Division website of the Finance Ministry for public consultation.

Bridge banks are designed to ensure seamless banking services while providing time to find a buyer for the troubled institution. They play a crucial role in maintaining uninterrupted banking operations during the resolution process.

Additionally, bridge banks act as isolators, separating distressed banks from the broader sector and absorbing them to prevent panic withdrawals or bank runs.

Under the proposed legislation, the BB will have the authority to establish one or more bridge banks to run the critical and viable functions of distressed banks.

These bridge banks will ensure the continuity of essential banking services while addressing the financial instability of failing institutions.

According to the draft, the central bank will have the power to appoint temporary administrators to manage failing banks. These administrators will operate under the BB's directives to stabilise weak banks and implement necessary recovery measures.

Furthermore, the BB will be able to raise capital through new or existing shareholders to strengthen the financial position of distressed banks.

The proposed legislation also enables the BB to transfer shares, assets, and liabilities to third parties without requiring shareholder consent.

This is meant to facilitate swift resolutions and prevent prolonged disruptions in the banking sector.

The central bank will create a dedicated department to manage the resolution of scheduled banks so that these functions remain outside of its regulatory and supervisory roles.

A "Bank Restructuring and Resolution Fund" will also be formed to finance interventions, backed by government contributions, international financial institutions, and risk-based levies on banks.

A core focus of the draft ordinance is depositor protection, as it seeks to prevent abuses of bank resources by prohibiting insider transactions, unauthorised write-offs of interest for influential borrowers, and artificial inflation of profits.

According to the draft, the BB will be able to restrict shareholders of troubled banks from transferring or disposing of shares. This would help ensure accountability for those responsible for a bank's failure.

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# NBR launches digital hub to facilitate import-export

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has launched a digital hub containing answers to all common queries related to imports and exports as part of its automation efforts, welcoming newcomers to make their mark in external trade.

The digital platform offers Harmonized System (HS) code-specific document requirements and provides information on necessary certificates for imports and exports, applicable tariff rates and more, according to NBR.

The tax administration launched the platform at an event at the NBR headquarters in the capital's Agargaon yesterday.

Chowdhury Ashik Mahmud Bin Harun, executive chairman of the Bangladesh Investment Development Authority (Bida), was present as the chief guest.

NBR Chairman Md Abdur Rahman Khan said this platform would serve as a one-stop solution where businessmen can find answers to all their queries.

"It will provide information on the necessary documents for conducting import and export business, applicable tariff rates, and details on any available incentives," he said.

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# Downgrading errant firms to junk punishes investors

AHSAN HABIB

No one expects to bear the consequences of offenses committed by another person. Yet, this is exactly what is happening in the stock market, where investors are suffering due to the wrongdoings of company directors.

A directive issued by the Bangladesh Securities and Exchange Commission (BSEC) in May last year has led to this situation.

According to the regulatory directive, if any company fails to distribute at least 80 percent of its declared dividends, it will be downgraded to the Z or junk category.

Under this regulation, several companies have been placed in the junk category over the past few months.

ANALYSIS

While some firms have since completed their dividend disbursements and been upgraded, 19 companies remain in the Z category due to their failure to distribute dividends.

The downgrading has caused stock prices to drop, leading to losses for investors.

Additionally, the settlement period for Z-category stocks is three days, compared to a shorter period for other categories. This means investors must wait at least three days to encash their investments in junk stocks.

However, investor ordeals do not end there.

Stocks downgraded to the Z category become non-marginable. This means that if an investor purchased such shares on margin, they must deposit funds against the loan.

Otherwise, brokers execute a forced sale, further driving down stock prices and worsening investor losses.

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