

Banks asked to assess CIB reports before disbursing agri loans

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has instructed banks to check borrowers' Credit Information Bureau (CIB) reports before disbursing new loans or granting rescheduling facilities in the agriculture sector.

However, MFI (micro finance institution) linkage loans will be exempt from this requirement, BB said in a notice issued yesterday. Banks generally review CIB reports for large borrowers and those

from other sectors.

The central bank said loans disbursed without verifying CIB reports could allow borrowers to obtain multiple crop loans—up to Tk 2,50 lakh—from different banks without the lenders' knowledge.

This increases the risk of default, said BB.

The central bank also noted that obtaining CIB reports has become easier, as banks can now quickly access them through the Bangladesh Bank's CIB server.



Noni Gopal Mistri harvests bitter gourds at his farm in Shimuleswar village of Jhalakathi. The photo was taken earlier this month.

PHOTO: TITU DAS

Make it easy for companies

FROM PAGE B1

Moreover, entrepreneurs can easily get bank loans for their long-term needs, for which they do not need to get listed, said Chowdhury.

In many countries, the process to avail bank loans is complex, for which firms meet their financing needs through the stock market, she said.

The stock market lacks companies with good track records. Domestic and foreign companies must find it lucrative to enter the stock market or invest in it, she said.

Many investors fear getting harassed at annual general meetings, where their families are sometimes present, said Chowdhury.

"It is a deterrent factor for listing... So, the regulator should work on it," she said.

To attract relatively low paid-up capital-based companies, the BAPLC has already urged reviewing the listing requirements, she said.

Chowdhury said the BAPLC was ready to provide support to ensure the presence of companies with good track records in the market.

Payra Port

FROM PAGE B1

"Theoretically, this project was flawed from the start. But now, since a significant portion of it has already been completed, there is no easy way out."

The planning adviser further said that the Payra Thermal Power Plant project cannot be shut down. "It has already incurred massive expenses. Such a large power plant cannot simply be abandoned."

Initially planned as a deep-sea port, the Awami League government, ousted by a mass uprising in August last year following 15 years in power, later decided to develop Payra as a regular seaport.

The government prepared a master plan for the port through the Netherlands-based consulting company Royal HaskoningDHV.

To facilitate incoming ships, the government carried out capital dredging of the Rabnabad channel at a cost of Tk 6,500 crore.

However, the channel lost much

In response to a question, she stated that now was not the right time to increase port charges and other supplementary duties.

If these duties are raised at this moment, businesses will not be able to cope with the resulting inflationary pressure, she said.

She said the business sector had to cope with a huge foreign exchange loss in a span of two years, as the local currency was devalued by around 40 percent, directly hitting their profits.

Coming about after the pandemic, the Russia-Ukraine war and exchange loss were big shocks for the business sector, said Chowdhury.

"I realise that the government also needs money, but it is not the right time to raise costs for businesses," she said.

To attract investment, she emphasised the need for bringing improvements to financial policies, including tax regulations and infrastructure.

Compared to peer countries, Bangladesh has higher lead times, she noted. "The supply chains must be world-class to attract investors," she said.

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Chowdhury strongly emphasised the need to eliminate corruption.

She called for cancelling licences of audit firms found involved in financial irregularities and stressed on the importance of setting precedents.

The regulatory bodies must ensure accountability so that wrongdoers face consequences, she said.

She explained that people were motivated by two factors— incentives and punishment. If regulatory bodies fail to take action against any misconduct, it only encourages further wrongdoings, she said.

Most people genuinely want to be good and honest, but a few bad actors define the broader population, said Chowdhury.

She stressed on the need for collective action, stating that now was the time for everyone to rise and bring about a positive change to the nation.

The event was presided over by CMJF President Golam Samdani Bhuiyan and moderated by General Secretary Abu Ali.

Russia holds key rate at two-decade high

AFP, Moscow

Russia's central bank kept its key rate at a two-decade high of 21 percent on Friday and warned it could raise borrowing costs further as it battles rampant inflation.

Prices have been rising quickly across the Russian economy for months, pushed up by massive government spending on the Ukraine conflict and deep labour shortages.

Annual inflation shot above 10 percent last month for the first time in two years, with price increases forecast to average between seven to eight percent this year.

"Current inflationary pressures have eased but remain high," the central bank said in a statement announcing the decision to leave rates unchanged.

Achieving Russia's inflation target of four percent will require "a prolonged period of maintaining tight monetary conditions in the economy," it added.

In a press conference after the rate decision, central bank governor Elvira Nabiullina said that future rate hikes were possible.

"If the pro-inflationary risks that we are noticing materialise, we may need to raise the rate," she told reporters.

"Our current view is that monetary conditions are sufficiently tight, but if it is necessary, we are ready to raise the rate."

A recent thaw in ties with the United States under President Donald Trump has raised hopes in Russia that Western countries will lift sanctions imposed on Moscow over its three-year Ukraine offensive.

The economist also recommended that regulators conduct audits of NBFI, similar to banks, to assess their actual financial health.

But Nabiullina pushed back at the suggestion, saying it was "premature to speculate".

Banks get remedies

FROM PAGE B1

Many other desperate depositors wait weak NBFI daily, only to return empty-handed.

The Bangladesh Leasing and Finance Companies' Association (BLFCA), a forum of non-bank financial institutions, has met with the BB governor twice but has yet to receive any commitment regarding liquidity support for weak NBFI.

Md Golam Sarwar Bhuiyan, managing director of Industrial and Infrastructure Development Finance Company Ltd and former chairman of the BLFCA, told The Daily Star that the central bank informed them it is currently prioritising banking sector reforms.

According to Bhuiyan, NBFI sector reforms will begin once banking reforms are completed.

But Mohammad Rafiqul Islam, managing director of United Finance, believes reforms to both the sectors

can run simultaneously. He urged the central bank to extend its focus to ensure depositors recover their funds.

Akin to weak banks, Midas Finance Managing Director Mustafizur Rahman said most NBFI require liquidity support from the central bank.

Meanwhile, central bank officials maintain that banking sector reforms are crucial for economic stability. However, they assure that a mega reform plan for the NBFI sector is in the pipeline.

"Now is the time to initiate NBFI sector reforms," Fahmida Khatun, executive director of the Centre for Policy Dialogue, told The Daily Star.

She highlighted severe governance issues in the sector, stressing the need for stricter rules and regulations to strengthen governance.

The economist also recommended that regulators conduct audits of NBFI, similar to banks, to assess their actual financial health.

Three Summit Power plants to shut on April 1

STAR BUSINESS REPORT

Three power plants owned by Summit Power Ltd (SPL), the country's largest private power producer, will cease operations from April 1 as the Bangladesh Rural Electrification Board (BREB) decided against renewing power purchase agreements (PPAs).

The plants, located in Rupganj, Maona, and Ullapara, have a combined capacity of 77MW and have been supplying electricity to the BREB since 2009 under 15-year agreements. The contracts expired between March and June last year.

In its annual report for 2023-24, Summit said that it had requested the BREB to extend the PPAs for all three plants. Following negotiations and a letter of consent from the BREB, the company resumed power supply last year, pending tariff negotiations and PPA renewal approval.

However, in a letter dated March 11 this year, the BREB confirmed that the contracts would not be renewed and the three power plants would shut down from April 1, Summit said in a disclosure on the Dhaka Stock Exchange (DSE) yesterday.

Summit attributed the profit decline to the non-renewal of PPAs.

Summit Power owns and operates 15 power plants across the country, with a total installed capacity of 976 MW.

Additionally, three other power plants, despite contract renewals, have been operating on a "no electricity, no payment" basis without capacity payments, it said.

"Income tax expenses were higher in the current period as more plants came under the tax bracket after the expiry of initial PPAs," Summit Power stated.

yesterday.

Shares of Summit Power fell 5.10 percent to close at Tk 14.90 on the DSE yesterday.

The private power producer reported a 37.4 percent drop in earnings per share, which fell to Tk 1.07 during July-December 2024 from Tk 1.71 in the same period of the year prior. However, its net operating cash flow increased.

The company's total comprehensive income declined year-on-year to Tk 201 crore in the first half of the 2024-25 financial year from Tk 309.25 crore, according to its unaudited financial statement.

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Promote products in Asean nations

Bloc's Dhaka Committee official says

STAR BUSINESS DESK

Bangladesh must diversify its product portfolio and enhance the promotion of its products within the Association of Southeast Asian Nations (Asean), stated Nguyen Manh Cuong, chairman of the Asean Dhaka Committee.

He made these remarks during a meeting with Mabhubur Rahman, the president of the International Chamber of Commerce (ICC) Bangladesh, at the chamber's office in the capital's Gulshan recently, according to a press release.

Manh Cuong, also the Vietnamese ambassador to Bangladesh, emphasised that Asean countries view Bangladesh as a nation with vast opportunities to expand its exports to the bloc.

He was accompanied by Nina P Cainglet, the Philippine ambassador to Bangladesh, Haji Haris Bin Haji Othman, high commissioner of Brunei Darussalam to Bangladesh, U Kyaw Soe Moe, the ambassador of Myanmar to Bangladesh, and Panom Thongprayoon, the minister counsellor of the Royal Thai Embassy to Bangladesh.

The president of ICC Bangladesh pointed out the significant trade gap between Bangladesh and Asean nations, highlighting limited exports from Bangladesh to the region, and urged the diplomats to increase imports from Bangladesh in order to narrow the trade gap.

Additionally, he requested them to actively support Bangladesh's inclusion in Asean and in the establishment of Free Trade Agreements (FTAs) with these countries.

The ICC Bangladesh president also underscored Bangladesh's economic growth, investment-friendly policies, and opportunities in key industries such as textiles, pharmaceuticals, ICT, and the energy sector.

directly contributes to the country's foreign direct investment promotion, underscoring the importance of continuous efforts and dialogue in business development.

Investment

FROM PAGE B1

More than 550 investors from 50 countries have registered to attend, alongside 2,500 local investors.

Chief Adviser Prof Muhammad Yunus is expected to inaugurate the summit on April 9, alongside top executives from multinational corporations.

Speaking at a press conference at the Foreign Service Academy in Dhaka, Ashik Chowdhury, executive chairman of the Bangladesh Investment Development Authority, emphasised the government's commitment to investment-friendly policies and economic stability.

He assured investors that Bangladesh would not make false promises but would instead present an accurate and realistic picture of investment potential.

While acknowledging challenges, Chowdhury highlighted Bangladesh's strong economic growth, expanding industrial capabilities, and reform measures aimed at improving the ease of doing business.

Despite the current slowdown in FDI, Bangladesh remains a promising investment destination, offering a growing domestic market, competitive labour costs, and strategic geographic positioning, he said.

However, he acknowledged that sustaining long-term investor interest will require policy consistency, infrastructure improvements, and regulatory streamlining.

The Investment Summit 2025 is expected to serve as a catalyst for renewed investor interest, allowing global businesses to explore Bangladesh's opportunities while giving policymakers a platform to address investor concerns, he added.

Political stability

FROM PAGE B1

He said the country's business environment was improving and that despite global uncertainties, the Bangladeshi economy remained resilient.

"While some investors may be waiting for the outcome of upcoming national elections, it is reassuring to see a growing sense of stability and optimism in the market," he said.

"My recent visit to Japan, along with high-level exchanges between our two countries, highlights the deepening economic relationship we share," he pointed out.

"However, to fully unlock this potential, we must continue working together to enhance business conditions, address investor concerns, and ensure long-term policy continuity," the ambassador emphasised.

He also said Japanese companies were eager to explore opportunities in Bangladesh, particularly in manufacturing, infrastructure, and human capital development.

"To attract more investment, it is crucial to streamline regulatory processes, improve logistics, and create a more predictable business environment," he said.

"These efforts will not only benefit Japanese investors but also contribute to Bangladesh's long-term economic growth," Shinichi added.

He said stability, continuity, and cooperation would be essential in shaping a future where Japanese and Bangladeshi businesses thrive together.

"I... remain confident that, through collaboration, we can further strengthen our economic partnership," he said.

"Japan remains committed to supporting Bangladesh's development journey, and I believe our cooperation will only grow stronger in the years ahead," Shinichi said.

"The Jetro 2024 survey highlights

Bangladesh's strong business momentum despite political changes, reflecting its resilience and investment potential," said Tareq Rafi Bhuiyan, president of the Japan-Bangladesh Chamber of Commerce and Industry.

He said Japanese companies were increasingly exploring both export and domestic market opportunities, showcasing confidence in Bangladesh's economic landscape.

However, for sustainable growth, key factors must be addressed— ensuring political stability, maintaining policy consistency, and developing backward linkage industries to enhance local procurement, he added.

"BIDA's proactive approach and the Japanese ambassador's continuous support are crucial in this regard. Strengthening these areas will further solidify Bangladesh's position as a key investment destination for Japanese businesses," he said.

Yuki Wagata, vice president of the Japanese Chamber of Industry Association in Dhaka, said they were committed to creating a stable and conducive environment for business growth through collaboration and effective regulation.

"By working together, we can enhance Bangladesh's business climate and contribute to its economic development," he said.

Yuki Ando, country representative of Jetro in Dhaka, highlighted that business momentum in Bangladesh remains strong despite political changes.

He said Japanese companies were increasingly exploring both export-oriented and domestic market opportunities in the country.

He emphasised that political stability, policy consistency, increasing local procurement to reduce costs, and the development of backward linkage industries were crucial for business expansion.