

Star BUSINESS



Over 200 firms seek BB policy support

STAR BUSINESS REPORT

Over 200 companies, including large industrial conglomerates, defaulted businesses, loss-incurring concerns, and small businesses, have applied to the Bangladesh Bank for policy support, especially loan restructuring and rescheduling facilities.

In January this year, the central bank formed a five-member committee led by Executive Director Mezbah Ul Haque to provide necessary policy support for restructuring corporate borrowers that have defaulted on loans due to factors beyond their control.

Since its formation, the committee has continued to meet with companies that applied to the central bank for policy support.

Initially, the deadline for applications was April 30, but the tenure was extended till May 31, The Daily Star learned from members of the committee.

They also said that Deshbandhu Group, Orion Group, Beximco Group, AG Group, S Alam Group, Bashundhara Group, and Magpie Textile were on the list of applicants seeking policy support.

A member of the committee, seeking anonymity, told The Daily Star that different kinds of policy support would be provided based on specific demands and needs.

Some companies are likely to get a lower down payment, while others may get a longer tenure to repay the loans to continue business operations, he added.

"We found that a majority of businesses faced trouble due to foreign exchange fluctuations in the last several years," the committee member said, adding that exchange losses had caused businesses to face a reduction in working capital.

Additionally, some companies faced challenges due to the Russia-Ukraine war, while others struggled due to unrest and political instability.

Companies and industrial units that faced problems due to issues beyond their control will receive policy support, but those involved in scams, irregularities, and money laundering will not receive

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CA rolls out five-step plan to bolster stock market

FIVE DIRECTIVES OF CA



Offload shares of well-performing state-owned and multinational companies where the government holds stakes



Offer incentives to non-listed but well-performing companies to encourage stock market listing



Engage a team of foreign experts to support market reforms



Ensure strict and timely punishment for corruption and stock manipulation

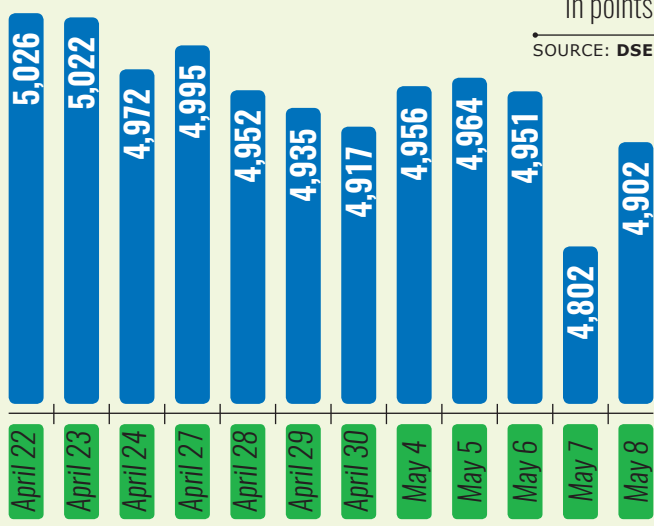


Encourage large borrowers to raise capital through equity and bonds in the stock market

MOVEMENT OF DSEX

In points

SOURCE: DSE



STAR BUSINESS REPORT

Chief Adviser Muhammad Yunus has issued five key directives, including the offloading of government stakes in state-run and multinational companies, to increase the availability of quality scrips in the market.

He gave the directives yesterday during a meeting titled "Development and Strengthening of the Capital Market" at the State Guest House Jamuna.

Finance Adviser Salehuddin Ahmed, Special Assistant to the Chief Adviser Anisuzzaman Chowdhury, Financial Institutions Division (FID) Secretary Nazma Mobarek, and Bangladesh Securities and Exchange Commission (BSEC) Chairman Khondoker Rashed Maqsood attended the meeting.

The meeting was held amid growing protests by general investors, who have been agitating against market instability as they continue to lose money due to

fragile investor confidence.

After the meeting, Shafiqul Alam, press secretary to the chief adviser, told journalists that the CA had instructed authorities to offload shares held by the government in well-performing state-run and multinational firms.

"For instance, the government has a stake in Unilever. He has ordered steps to bring such companies to the stock market through initial public offerings (IPOs) soon," Alam said.

The second directive is about offering incentives to well-performing, non-listed companies to encourage them to enter the stock market.

"There are many non-listed firms with turnover above \$2-\$3 billion. Incentives could help bring them to the market," Alam said, citing City Group and Meghna Group as examples.

A persistent absence of quality stocks has plagued the market, with only 10 to 12 companies attracting significant

foreign investment. Meanwhile, more than 60 percent of listed firms have no foreign investors.

Market analysts hope that the inclusion of promising stocks could attract both foreign and institutional investors to the bourse.

The Investment Corporation of Bangladesh (ICB) has already identified 38 potential entities, including state-run, multinational, and local pharmaceutical companies, that could go for IPOs.

Of these, 12 are state-run firms, 24 are multinational companies, and 38 are pharmaceutical entities.

The chief adviser's third directive calls for engaging "a group of foreign experts" to carry out comprehensive reforms in the stock market within three months.

The fourth directive involves ensuring strict and immediate punitive measures against those involved in corruption and manipulation in the market, so

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Globe Group to sell edible oil unit to repay bank loans

S Alam Group's unlawful interference crippled subsidiary for years

MD MEHEDI HASAN

Globe Pharmaceuticals Group of Companies is set to sell its edible oil unit, Globe Edible Oil Ltd, to adjust bank liabilities.

Industry insiders said Abul Kashem, chairman of the conglomerate Abul Khair Group, is likely to acquire the loss-making edible oil firm for approximately Tk 2,000 crore.

Samir Al Rashid, a director of Globe Pharmaceuticals Group of Companies, said the acquisition has not yet been finalised. He also did not wish to disclose the financial details of the sale.

"It is just a transfer of liabilities, most of which piled up as we were unable to pay interest to banks," he said.

"We can't run the company even if we want to because of S Alam Group's previous interference. The liabilities are increasing day by day," he said,

adding that the company had been facing this situation for the past 15 years.

Globe Edible Oil Ltd has around Tk 1,300 crore in liabilities with Islami Bank's Gulshan branch (Circle 01) and has now become a defaulted account. It is the branch's largest borrower.

To date, the branch has disbursed Tk 3,100 crore in loans, of which around Tk 2,750 crore have turned sour.

Officials of the bank also divulged some information about the acquisition plan, which includes an initial repayment of Tk 300 crore and rescheduling of the remaining liabilities, with a portion of the interest waived.

Contacted, Md Omar Faruk Khan, managing director (current charge) of Islami Bank Bangladesh, said Globe Edible Oil Ltd had informed the bank that it would be sold off to repay the loans.

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Govt can now temporarily take over banks

STAR BUSINESS REPORT

The government and Bangladesh Bank can take temporary control of any scheduled bank if needed by issuing share transfer orders in line with the Bank Resolution Ordinance 2025.

The ordinance states that the share transferee must be a government entity.

The government published an official gazette on Friday on the Bank Resolution Ordinance 2025, which was approved by the Advisory Council on April 17.

The ordinance states that if a bank's owner directly, indirectly or fraudulently utilises the bank's assets or funds for personal gain, Bangladesh Bank reserves the right to initiate resolution proceedings against the bank.

The central bank will have the power to appoint temporary administrators to manage banks in financial disarray. These administrators will operate under central bank directives to stabilise weak banks and implement necessary recovery measures, said the ordinance.

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Farmers get higher prices for fresh Boro paddy

SUKANTA HALDER

Bangladeshi farmers are receiving higher prices for freshly harvested Boro paddy this season compared to the year prior, thanks to increased demand driving up market rates.

Farmers, traders, and millers say that the yield has been good this season and the rise in prices has been driven by increased demand for paddy at mills early in the season alongside high inflation and rising production costs.

Boro paddy accounts for nearly 55 percent of Bangladesh's yearly rice production and the season in Bangladesh typically runs from December to April.

The price of Boro paddy has increased by Tk 1.25 to Tk 1.79 per kilogramme (kg) this season compared to that last season, according to the national average price data of the Department of Agricultural Marketing (DAM).

In April this year, the price of fine Boro paddy rose to Tk 35.74 per kg, up from Tk 33.95 in the same month of 2024.

Meanwhile, medium-sized paddy experienced a slight increase in prices, from Tk 30.64 to Tk 30.89, while coarse rice went Tk 26.35 to Tk 27.60.

In the current season, Boro paddy has been cultivated on 50.69 lakh hectares of land, with the production target set at 2.26 crore tonnes, according to Department of Agricultural Extension data.

WHAT FARMERS ARE SAYING

Farmers from various districts where Boro cultivation is concentrated informed that paddy price ranged between Tk 840 and Tk 1,050 per maund (1 maund equals nearly 40 kg) this season.

Around this time last year, paddy was selling for Tk 770 to Tk 1,000 per maund, they added.

Tofayel Khan, a farmer from Dingapota Haor area in Mohanganj upazila of Netrokona district, said medium-sized Boro paddy was fetching Tk 1,020 to Tk 1,050 per maund this season, up from Tk 950 to Tk 1,000 last year.

He said the combination of higher market prices and good yields has brought him a good profit.

This season, he cultivated Boro paddy on 120 kathas (1 katha equals 720 square feet) of land, harvesting between 9 and 10 maunds per katha, he said, adding that 90 percent of the paddy had already been harvested.

Saidul Islam, another farmer from Ajmiriganj upazila in Habiganj district, said he made a good profit this season by selling Boro

paddy at Tk 830 to Tk 840 per maund, up from Tk 770 to Tk 800 per maund last year.

He added that he cultivated Boro paddy on 40 kathas of land this season and has already harvested about 80 percent of the crop.

On the other hand, two farmers from Sunamganj and Brahmanbaria say that production has been better this season compared to that last year. However, they are getting lower prices than in the season prior.

WHAT MILLERS SAY

Mohammad Delowar Hossain, a rice miller of Netrokona district, said at the beginning of the last season, he bought medium-sized Boro paddy at Tk 1,050 per maund, and by the end of the season, the price had risen to Tk 1,350 per maund.

This season, he purchased paddy at Tk 1,150 per maund from the very beginning of the season.

As harvests began, all the mills started operating simultaneously, which increased demand and, consequently, pushed up prices because all the millers began buying paddy at the same time, he said

He added that prices were likely to rise further in two weeks when dried paddy enters the market.

The increase in the price of Boro paddy this season is due to high inflation, said Nirod Boron Saha, a rice miller and president of the Rice and Paddy Stockists and Wholesalers Association in Naogaon, a major rice wholesale hub in the north.

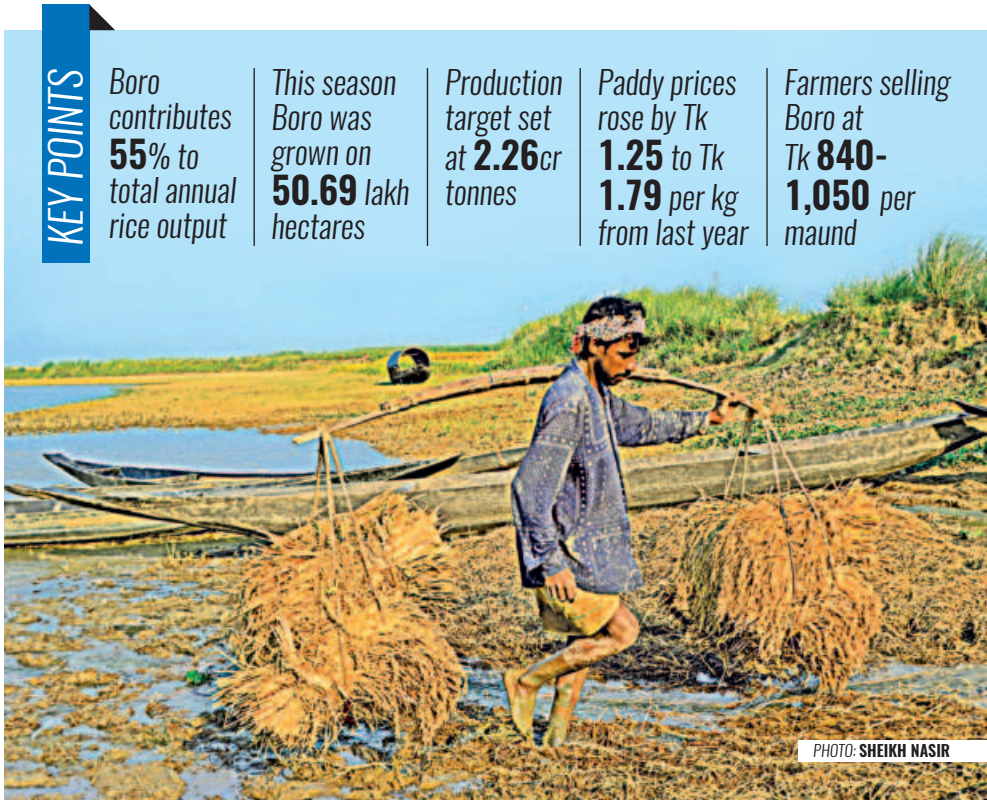
According to the Bangladesh Bureau of Statistics, inflation has remained at over 9 percent since March 2023.

The overall inflation rate, including that for food and non-food, stood at 9.17 percent in April this year, down from 9.35 percent in March.

Chitta Majumder, managing director of the Majumder Group of Industries, a leading rice miller and importer, said last season, he bought Boro paddy from regions like Bogura, Naogaon, Natore, and Rajshahi at Tk 1,200 to Tk 1,300 per maund.

But this season, the price has risen to Tk 1,400 per maund, he said.

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KEY POINTS

Boro contributes 55% to total annual rice output

This season Boro was grown on 50.69 lakh hectares

Production target set at 2.26cr tonnes

Paddy prices rose by Tk 1.25 to Tk 1.79 per kg from last year

Farmers selling Boro at Tk 840-1,050 per maund

PHOTO: SHEIKH NASIR