

# star BUSINESS



## Logistics costs eat up 16% of GDP

Says World Bank official as the global average stands at 10%

STAR BUSINESS REPORT

Bangladesh spends as much as 16 percent of its gross domestic product (GDP) on moving goods from factories to customers, far above the global average of 10 percent, according to a senior World Bank official.

She said this burden is eroding the country's trade competitiveness and discouraging investment.

Nusrat Nahid Babi, senior transport specialist at the World Bank's Dhaka office, made the remarks at a roundtable titled "Challenges, Opportunities and the Way Forward in the Logistics Landscape", organised by The Financial Express at Lakeshore Heights in Dhaka yesterday.

She said between 35 and 54 percent of these logistics costs are linked to inefficient transport systems. "Infrastructure remains so vulnerable that even light rain can disrupt highways and terminals," Babi noted.

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"Enough has been discussed. What is needed now is execution," she said, criticising the slow pace of reforms despite years of policy dialogue.

The World Bank official pointed to more than 62 regulatory bottlenecks, many of which she said could be resolved through better coordination rather than large-scale investment.

To cut expenses and improve performance, she urged timely project implementation, multimodal connectivity, digitalisation and logistics related skills development.

Babi also called for a national logistics council to bring agencies together and ensure coordinated action.

At the programme, Mohammed Yousuf, senior secretary to the Ministry of Shipping, said the government would finalise a national logistics policy within a month to overhaul the country's transport and port systems.

The goal, he said, is to attract more foreign direct investment (FDI) and ease export bottlenecks.

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## Ten non-banks lose Tk 1,079cr in H1

Their combined loss dwarfs Tk 178cr profit by six peers

AHSAN HABIB

Ten listed non-bank financial institutions (NBFI) sank into a combined loss of Tk 1,079 crore in the first half of this year, an increase of 17 percent from the same period a year earlier.

The figure dwarfs the Tk 178 crore profit posted by six peers. It highlights the depth of crisis in the scam-hit sector that is grasping for air amid sweeping banking reforms.

Bangladesh has 35 NBFIs, of which 23 are listed. 16 have published their half-yearly data so far. Seven are yet to report, while another five remain irregular due to long-running financial troubles.

Phoenix Finance and Investments Limited recorded the steepest loss at Tk 468 crore, followed by Peoples Leasing and Financial Services Limited with Tk 189 crore, and FAS Finance and Investment Limited at Tk 147 crore.

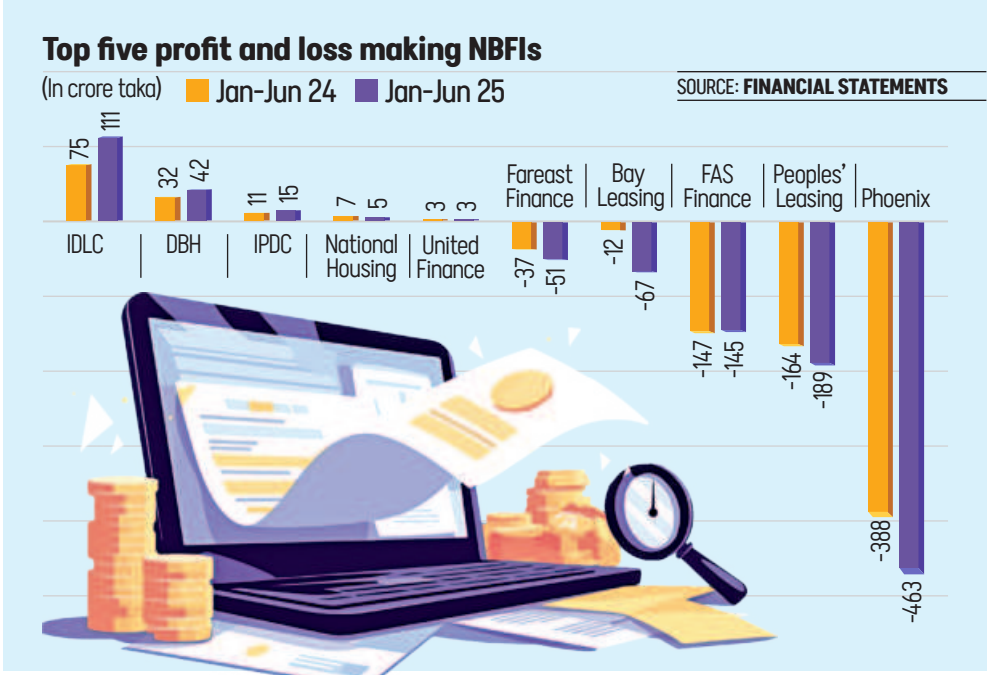
Others in the red include First Finance Limited, MIDAS Financing PLC, Islamic Finance and Investment Limited, Bangladesh Industrial Finance Company Limited, Union Capital Limited, Bay Leasing and Investment Limited, and Fareast Finance and Investment Limited.

On the profit side, IDLC Finance led with Tk 111 crore, while DBH Finance contributed Tk 42 crore.

Years of weak governance and financial irregularities are responsible for the decline of the industry, according to Kanti Kumar Saha, vice-chairman of the Bangladesh Leasing and Finance Companies Association.

"If the financial institutions followed proper credit risk management guidelines, selected clients properly, and followed classification guidelines accurately, this situation might not have arisen," he added.

"So, many problems could have been avoided if the central bank's guidelines had been followed properly," Saha said.



Unlike banks, which profit from deposits and interest spreads, NBFIs focus on leasing, venture finance, insurance, and capital market investment, drawing funds mainly from long-term instruments and borrowings.

Saha said new loan classification rules for banks, which were introduced in April this year, had knock-on effects across the financial sector. However, it did not directly hit the non-banks.

Rather, high inflation and rising interest rates are compounding pressures, he said. "Many borrowers are delaying loan repayments because of low market demand and a cash crunch. Even some of the good borrowers who never delayed in the past are now paying in instalments."

Saha, who is also chief executive officer of Alliance Finance PLC, said the Bangladesh Bank has now stepped in with liquidity support for 20 ailing NBFIs, aimed at restructuring and potential mergers.

Still, the regulator's immediate focus remains on the banking sector. "As the NBFI sector's market size is comparatively small at 5 to 6 percent compared to the total financial sector. The NBFI sector will be taken care of later," said Mohammad Shahriar Siddiqui, assistant spokesperson at the Bangladesh Bank.

Such neglect is not new, according to Shah Md Ahsan Habib, professor at the Bangladesh Institute of Bank Management.

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## Import containers must move same day

NBR issues directives to ease Chattogram port congestion



A container being loaded onto a trailer at Chattogram port, where the National Board of Revenue has directed that all import containers bound for private inland container depots must be transferred on the day of unloading. The photo was taken at the port recently.

PHOTO: RAJIB RAIHAN

STAFF CORRESPONDENT, Ctg

The National Board of Revenue (NBR) has directed that all import containers destined for private inland container depots (ICDs) or off-docks must be transferred to the designated facilities on the very day they are unloaded from vessels at Chattogram port.

In a circular issued on August 14 and signed by Md Al Amin, second secretary of the NBR for customs, the revenue authority laid out two additional directives alongside the same day transfer requirement.

It specified that if, for valid reasons, all containers of a particular consignment

cannot be shifted to an off-dock on the first day, the remaining containers must be moved without delay on the following day.

In such cases, charges will only be applicable once the entire consignment has been transferred.

The NBR further instructed that where off-docks are unable to handle containers due to capacity shortages or other exceptional circumstances, the commissioner of Customs House, Chattogram, will retain the authority to approve "dual delivery," allowing importers to take delivery from both the port and the off-docks.

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## Corporate earnings likely to rebound 40%: CAL

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Corporate earnings in Bangladesh are projected to rebound by around 40 percent by 2026, buoyed by falling inflation, easing global commodity prices, lower borrowing costs, and stronger sales, according to CAL Bangladesh's latest outlook, All Signals Green.

Earnings of manufacturing and services companies will rebound on volume growth, margin gains, and lower finance costs, the investment bank also said.

CAL forecasts corporate revenue growth of 16 percent year-on-year in 2025, supported by easing inflation. Gross margins are expected to rebound as import costs decline on the back of lower global prices and a stable taka.

Repricing of short-term debt is also set to reduce finance costs for highly leveraged companies, supporting earnings recovery.

**DSE TO HIT 10,000-MARK**

With corporate earnings strengthening and the macro-outlook improving, CAL expects equities to attract funds from other asset classes.

The report noted that with the market trading 50 percent cheaper in dollar terms and valuations at near 10-year lows, foreign investors are returning. A reversion to historical holding levels will lead to new inflows.

The report forecast that the Dhaka Stock Exchange (DSE) index will surpass the 10,000-point mark, an all-time high, within the next 18 to 24 months.

Calling the current environment a "Goldilocks scenario for equities," meaning stable growth with low inflation, CAL said Bangladesh could witness one of its strongest equity rallies in history.

The investment bank noted that macroeconomic indicators are already showing strong positive momentum, creating a stable and favourable environment.

Inflation has eased to 8.5 percent on the back of tight monetary policy and favourable global commodity trends.

Foreign reserves have reached a two-year high, providing critical support for a

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## July development spending below 1%

**This time, we are thinking especially about the upcoming election in February. So, we aim to provide the RADP in December or January.**

**Prof Wahiduddin Mahmud**  
Planning adviser



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Development spending saw a sluggish start this fiscal year, as the expenditure stood below 1 percent of the total allocation at the end of July – a sign that irked Planning Adviser Prof Wahiduddin Mahmud.

"This is not a good sign," he told a press briefing at the planning ministry after a meeting of the Executive Committee of the National Economic Council (Ecne) yesterday.

Project implementation was delayed due to various reasons last year. But this year, things should be moving fast, he said.

"Last year's excuses should no longer come," the adviser added.

He said the situation was particularly

concerning because this year's Annual Development Programme (ADP) was deliberately set at a "realistic" level to ensure implementation.

"That is our goal," he said.

Mahmud acknowledged that many projects were faced with disruptions, as new contractors were yet to be appointed in several cases. Many project directors have either been transferred or replaced, too, he said.

And this may be a reason for the sluggish progress, he said.

Mahmud urged all ministries to ensure that projects move forward, with no further excuses.

**DELAYED REVISION OF ADP**

The planning adviser said one of the persistent weaknesses in Bangladesh's planning process was the delayed revision of the ADP.

The revised ADP (RADP) usually comes in March or April, when it becomes clear that some ministries have failed to utilise allocations while others have already exhausted theirs.

"This time, we are thinking especially about the upcoming election in February. So, we aim to provide the RADP in December or January," he said.

"For that, of course, we will need an outline of the entire budget. Without an overall budget outline, it is impossible to determine how much can be allocated for annual development," said Mahmud.

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