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Govt initiates process to seek investor for Nagad

STAR BUSINESS REPORT

The government has started the process of seeking new investors for Nagad, the much-talked-about mobile financial service provider (MFS).

Early this week, the Bangladesh Investment Development Authority (Bida) has sought applications from a financial advisory firm to act as an "exclusive sell-side mergers & acquisitions adviser for a potential transaction" related to Nagad, an MFS under the Bangladesh Post Office.

The firms have been advised to submit their applications by September 15.

The Bida said the selected adviser will "assess and refine Nagad's positioning and value proposition."

"The firm will need to prepare marketing materials, identify and approach potential strategic and financial buyers," said the Bida in the advertisement seeking an Expression of Interest (EOI) from firms.

A senior Bida official said a high-level meeting recently approved the transition of Nagad into the private sector, leading to Bida's involvement.

The initiative comes as the Bangladesh Bank (BB), the regulator, finds that the Directorate of Posts does not have the capacity to run Nagad efficiently, making it necessary to bring in new investors.

Hence a competent institution needs to take over, said BB Governor Ahsan H Mansur earlier.

At an event last week, Mansur said various irregularities caused by the previous owners have been resolved.

Nearly 15 million fake or inactive accounts have been removed, and the institution is now on the path to restructuring.

Significant reforms have already been implemented in Nagad, he said.

Sugarcanes are arriving by trawlers at Hatkhola fruit market in Barishal, ferried in from nearby villages to quench the thirst of city dwellers. With the sultry weather driving people to roadside stalls for a glass of chilled cane juice, demand has surged in recent weeks. A bundle of 100 sticks now sells for Tk 1,500 to Tk 4,500, depending on quality. The photo was taken yesterday. PHOTO: TITU DAS

Dhaka stocks snap two-day rally, turnover dips to Tk 1,338cr

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) closed trading lower yesterday, breaking a two-day rally, while total trading turnover, the combined value of shares bought and sold, declined compared to the previous session.

According to DSE data, the bourse's benchmark DSEX lost 17.33 points, or 0.30 percent, to finish at 5,614.27. The other indices also performed negatively as the Shariah-based DSES decreased 0.29 percent to 1,230.05, while the blue-chip DS30 declined 0.59 percent to 2,182.75.

Turnover stood at Tk 1,338.53 crore, down from Tk 1,397.56 crore in the previous session.

Block trades, a high-volume transaction involving a large number of securities, accounted for a notable share, with transactions recorded across several scrips and overall trade at Tk 33.25 crore.

Market breadth was mixed, with 175 issues declining against 145 gainers, while 72 remained unchanged.

A-category stocks saw more winners than losers, while the B-category performed similarly.

By segment, mutual funds posted 12 gainers and seven losers, corporate bonds saw just two issues decline, and the government bond market saw just one issue advance.

On the day's performance table, Rupali Life Insurance Company surged 10 percent to top the gainers' list, while HR Textile declined 8 percent, making it the worst performer of the session.

Owners, rights activists debate

FROM PAGE B1

Association of Bangladesh, Bangladesh Jute Spinners Association, Bangladesh Jute Mills Association, Bangladesh Association of Pharmaceutical Industries, Bangladesh Association of Contact Centre and Outsourcing, and Bangladesh Agro-processors Association.

They said shifting from 20 percent to 20 persons would discourage both domestic and foreign investment and risk widespread unrest.

Mohammad Hatem, president of the BKMEA, said the new proposal follows the Cambodian model.

"In fact, the original proposal from the union leaders was keeping a 10 percent threshold instead of 20 percent, and the factory owners were proposing reducing the threshold to 15 percent from 20 percent. But, even the 20-person option was not known even by the factory owners, as it came all of a sudden," he said.

He said the amendments would allow up to five unions in a single factory. Such a change could open the door for outside influence in factory unions and "create chaos in the industrial sector".

Mahmud Hasan Khan, president of the BGMEA, said leaders from major industries are preparing to submit a protest letter to the government on Sunday or Monday.

"Already, the leaders of different sectors have met five advisers of the interim government on Wednesday and protested the new proposal of 20-person union registration," he said.

Khan said factory owners have accepted 118 of 124 amendment proposals, but six remained unresolved, with the "20 persons option" among them.

Labour and Employment Adviser Brig Gen (Retd) M Sakhawat Hussain said the issue has been caused by misperceptions.

"It is a matter of 20 workers or more, it is true. But if they want to be elected, they need 51 percent votes of the workers in a factory," said the adviser.

He added that the draft would be placed at an inter-ministerial meeting on Tuesday, then forwarded to the advisers' council and eventually to the law ministry for vetting before being enacted by ordinance.

Moreover, Bangladesh will ratify three more ILO conventions soon, becoming the first country in Asia to ratify all required ILO standards, Hussain said.

He noted that such initiatives would give exporters leverage to demand higher prices from buyers.

The government, he added, has already withdrawn about 48,000 police cases against workers from earlier incidents.

Fazlee Shamim Ehsan, president of the BEF, argued the proposed threshold is far too low.

"It should be at least 100 workers, as the number of workers in local factories is very high in many cases. The number of required workers may be lowered gradually from 100 workers, because the previous trade union experience is not good," he said.

Md Towhidur Rahman, president of the Bangladesh Apparels Workers Federation that advocates for the rights of garment workers in Bangladesh, disagreed.

Rahman said owners will not be harmed if unions are allowed to form with 20 members.

"Cambodia is a good example," he said. Union registration, according to him, would become easier, and owners could show they had permitted factory-level unions.

Nazma Akter, president of labour rights platform Sommilito Garments Sramik Federation, echoed a similar view.

She said she too supports the 20-worker threshold.

Selim Raihan, an economics professor at Dhaka University and executive director of the South Asian Network on Economic Modelling (Sanem), said there should be a balance between global standards and national realities.

"The rights of our workers should be maintained as they are deprived of the proper wage," he said.

The economist urged talks among owners, workers, union leaders, the government and the international community to settle the issue and build healthy industrial relations.

Govt to revive stock market

FROM PAGE B1

Only two multinational firms and one state-run company got listed in the last one and a half decades.

Mazeda Khatun, chief executive of ICB Capital Management, said discussions with the regulator and boards of the multinationals and state-run companies are underway.

Although the government intends to offload its own holdings, current shareholders must be offered first refusal. So far, the multinationals have been reluctant to join the market.

"The companies will get a good price, an example of which is existing multinational companies that are trading almost at the highest price among all the listed companies," Mazeda said.

Preferring anonymity, a senior ICB official said the institution sought Tk 13,000 crore in support but was likely to receive only Tk 2,000 crore. "It will be helpful to support the market, though it is still very low compared to its necessity," he said.

He added that the extension of the Tk 900 crore special fund would also aid investors.

Between 2013 and 2015, this fund was distributed in three tranches among 35,000 small investors through stockbrokers and merchant banks. Once repaid, the fund was recycled, and since 2019, it has been lent out on a revolving basis to intermediaries investing in the market.

In May 2025, Chief Adviser Muhammad Yunus instructed that the government offload its stakes in state-owned multinationals and bring them into the capital market.

Investors believe such listings could be a game-changer.

"When the listing of multinational companies is complete, it will have a massive impact on the stock market as investors will get the opportunity to invest in these high-performing companies," said Abdullah Huzaifah, a retail investor.

He pointed to Grameenphone's entry into the market, which attracted thousands of investors, and said a similar effect could follow if six more multinational firms offload shares.

"Although it is a long-time demand of investors, no government has taken firm steps to bring them into the market. This time, the chief executive of the country talked about the listing, which is giving me hope," added Huzaifah.

However, he was critical of delays in listing state-owned enterprises. "Why are the state-run companies taking such a long time to offload shares?"

Huzaifah appreciated other market reforms, such as cuts in trading tax and BO account fees, but urged quicker progress on legal changes.

The Bangladesh Securities and Exchange Commission (BSEC) is drafting amendments to rules on margins, mutual funds and public issues to ensure a more transparent and fair trading environment.

In a press statement on Wednesday, Dhaka Stock Exchange Brokers' Association of Bangladesh (DBA) President Saiful Islam welcomed initiatives by the regulator regarding listing of domestic and foreign companies.

He said no good companies had entered the capital market for a long time. "Due to the lack of good companies, there had not been any significant participation of domestic and foreign investors in our market, and as a result, the market had not become stable and sustainable."

He said for the greater good of the capital market, there is a need to list good domestic and foreign companies.

New telecom licensing policy approved

FROM PAGE B1

Market Development Expenses, with more than 95 percent channelled through a single account under Beximco Computers, co-owned by Salman F Rahman, who was also an adviser to ousted premier Sheikh Hasina. The BTRC referred the matter to the Anti-Corruption Commission, according to BTRC documents.

However, Asif Rabbani, president of the IGW Operators Forum (IOF), said that IGW operators alone have invested Tk 5,000 crore and employ many skilled engineers and technologists. To date, they have paid Tk 10,500 crore in revenue to the BTRC.

"Yet, in the drafting of new policies and regulations, there is very little coordination with us. This is highly unacceptable and deeply disappointing," he said.

He added that the new policy risks transferring even the small businesses held by local investors to foreign MNOs, further strengthening their dominance despite proven local capacity.

The new licensing regime allows existing licensees to obtain licences under the updated framework, provided they meet prescribed eligibility criteria and comply with the conditions outlined in the respective licensing guidelines.

FOREIGN OWNERSHIP CAP DEBATE

Foreign ownership in the network access licence category, which includes telecom operators, is capped at 85 percent, ensuring at least 15 percent domestic participation through joint ventures, public listings, or BTRC-approved structures.

Domestic investors may hold up to 100 percent equity without restriction. Existing operators have three years to offload 15 percent of their shares.

Among the three private operators, only Grameenphone exceeds 15 percent local ownership, with Telenor holding 55.8 percent, Grameen Telecom 34.2 percent, and 10 percent by public and institutional investors.

Meanwhile, Axiata holds a 61.82 percent share of Robi, while Bharti Airtel holds 28.18 percent, and the remainder is held by general investors. Banglalink is fully foreign-owned by VEON.

Tanveer Mohammad, chief corporate affairs officer of Grameenphone, said, "The new licensing policy is a positive step towards unification of licences, moving away from fragmented licensing."

He, however, urged the government to finalise realistic guidelines.

"Mandating a 15 percent local share offload may concern investors, who have already listed 10 percent of shares in the local stock market and invested billions with long-term plans," said Shahed Alam, chief corporate and regulatory affairs officer at Robi.

Taimur Rahman, chief corporate and regulatory affairs officer at Banglalink, lauded the provisions for active network and spectrum sharing, but expressed concerns that mandated ownership requirements could discourage foreign investment.

Telecom policy expert Abu Nazam M Tanveer commented that excluding group-level entities from cross-licensing restrictions has minimal effect on large corporations. "This effectively imposes no real cross-ownership limits across the industry's three major layers, leaving the sector vulnerable to distorted competition."

Three banks agree to merge

FROM PAGE B1

lender to clarify how it would return depositors' money, recover defaulted loans, repay Tk 8,500 crore borrowed from the central bank, and address its large capital shortfall.

Meanwhile, FSIB, Union Bank and GIB accepted the central bank's intervention.

Speaking to The Daily Star, FSIB Chairman Mohammad Abdul Mannan, who is also an independent director of the bank, described the lender's troubles as the result of "massive scams and loan irregularities," adding that "no banking was conducted" at the institution.

"The central bank is now going to conduct regulatory intervention, and we agree with that," he said.

Fariduddin Ahmed, chairman of Union Bank, confirmed that his bank did not oppose the merger.

Four of the five lenders — FSIB, Union, GIB, and SIBL — were long controlled by the Chattogram-based S Alam Group, which allegedly borrowed heavily from the lenders and siphoned the funds through shell companies.

Exim Bank, on the other hand, has long been dominated by Nazrul Islam Mazumder, founder of Nassa Group and former chairman of the Bangladesh Association of Banks.

Following the fall of the Awami League-led government in August last year, the central bank appointed new boards at the bank, dissolving the previous ones.

The interim government also commissioned forensic audits through global accounting firms, which revealed the banks' precarious state.

The audits showed that non-performing loan ratios stood at 96.37 percent at First Security Islami, 97.80 percent at Union, 95 percent at Global Islami, 62.30 percent at Social Islami, and 48.20 percent at Exim Bank.