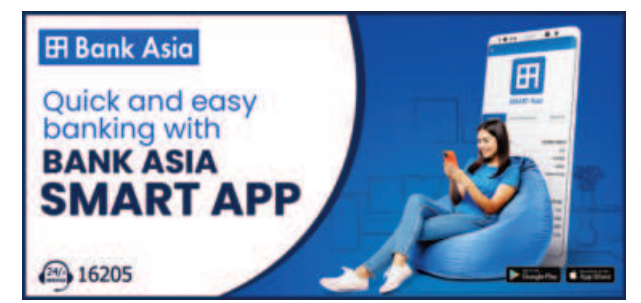


Star BUSINESS



LC margin rules relaxed for essential imports ahead of Ramadan

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has instructed banks to keep the cash margin rate at the minimum level when opening letters of credit (LCs) for importing essential commodities ahead of the upcoming Ramadan.

The move aims to ensure adequate supply and price stability in the local market.

In a notice issued yesterday, the central bank said the relaxed LC margin facility will remain in effect until March 31, 2026. Ramadan is expected to start just after mid-February next year.

The commodities covered under this facility include rice, wheat, onion, lentils, edible oil, sugar, chickpeas, peas, spices, and dates – items that typically see heightened demand during the month of fasting.

Under the directive, banks have been allowed to set the LC margin at their discretion based on the banker-customer relationship, instead of maintaining a fixed percentage.

Earlier, in September 2024, the central bank had made it mandatory to maintain a 100 percent cash margin for LCs against imports of certain products.

Later, in November 2024, it temporarily allowed banks to lower the margin for essential imports until March 31, 2025, to ease Ramadan-related imports.

The BB said the latest instruction has been issued with the objective of keeping essential goods affordable and maintaining adequate domestic supply.

Weak stocks outpace blue chips in puzzling mismatch

As syndicates and rumours shape the market, prices of weak and dormant firms soar while sound performers stay undervalued

AHSAN HABIB

At the Dhaka Stock Exchange (DSE), shares of several little-known drugmakers are trading at prices far above those of local pharmaceutical giants.

For example, take the cases of Ambee Pharma and Pharma Aids. Ambee shares are selling for around Tk 780, while Pharma Aids trades at Tk 496. Both feature among the DSE's top-priced stocks.

In contrast, the country's largest drugmaker Square Pharmaceuticals sees its shares at Tk 211, nearly four times lower than Ambee and about half the price of Pharma Aids.

The puzzle does not stop there – just with the pharmaceutical sector.

Several loss-making or nearly inactive firms have also climbed into the DSE's list of top-priced shares, leaving established market leaders behind.

What these weak performers have in common is quick capital gains, according to price analysts. But when it comes to dividend payouts, they fall far short of the stronger companies.

Market analysts say this upside-down market reflects speculation and manipulation by groups of individual investors rather than institutional trading. With foreign and asset management investors largely absent, share prices are increasingly driven by rumours instead of fundamentals.

According to DSE data, 360 companies are currently listed on the exchange. Of them, 101 are in the Z, or junk, category – firms that have either failed to declare dividends or remained closed for years.

Yet 18 percent of these underperformers are trading above Tk 30, while nearly half of A category companies are priced below that threshold.

WEAK STOCKS, BUT TRADING AT INFLATED PRICES

Renwick Jaineswar, a junk stock that has not paid dividends for six years, is trading at Tk 487 and ranks among the DSE's top 20 high-priced shares. The state-owned company manufactures machines and parts for sugar mills.

Intravenous fluid manufacturer Libra

Companies on top 20 price list with low dividend payout

Company name	Share price	Cash dividend
Ambee Pharma	Tk 780	10%
Libra Infusion	Tk 610	0%
GQ Ball Pen	Tk 518	10%
Pharma Aids	Tk 496	30%
Renwick Jaineswar	Tk 487	0%
Kay & Que	Tk 393	4%
Fine Foods	Tk 296	10%
Monno Agro	Tk 292	5%

Companies with higher dividend payout but not on top 20 price list

Company name	Share price	Cash dividend
GP	Tk 279	330%
BATBC	Tk 247	300%
Square Pharma	Tk 211	120%
Padma Oil	Tk 192	160%
Jamuna Oil	Tk 187	150%



Infusion, another junk stock that has not issued dividends since 2022, was being traded at Tk 610 yesterday.

GQ Ballpen, which remains a B-category company, was being traded at Tk 518 yesterday. It paid a 10 percent dividend last year, despite posting a loss of Tk 3 crore.

Another B-category firm, Kay & Que, was at Tk 393 yesterday. It provided a 4 percent cash dividend to its shareholders.

Fine Foods, which offered a 10 percent dividend last year after 1.25 percent the previous year, was being traded at Tk 296.

All these companies were among the DSE's top 20 highest-priced shares.

Meanwhile, large and well-performing firms such as Grameenphone, British American Tobacco, Square Pharmaceuticals, Padma Oil and Jamuna Oil have all been paying over 100 percent dividends for several years. Yet none of their shares feature in the DSE's top 20 list.

Despite the distortions, market records show that strong performers do eventually regain their value, according to market analysts.

"Although many well-performing companies are now trading at low prices, prices do get adjusted after a period," said Kazi Monirul Islam, CEO of Shanta Asset Management. "Sometimes it takes time, but the adjustment happens."

He cited Marico Bangladesh

and BRAC Bank as examples of such corrections.

Marico's share price rose 32 percent in the past year due to its consistent performance, while BRAC Bank shares climbed 60 percent year to date till November 3.

Islam said these examples prove that patience and sound fundamentals still matter in the long run.

For discerning investors, he added, the current distortions could even offer opportunities to buy quality shares at low prices.

IN HANDS OF SMALL PLAYERS, AND SYNDICATES

When institutional and foreign participation in the market is low, such price contrasts become more visible, said Shanta Asset Management CEO Islam.

Strong institutional investors, he said, can anchor prices through informed, long-term decisions.

In developed markets, mutual funds and asset management companies play that stabilising role, curbing speculation and bringing consistency to valuations.

In Bangladesh, however, that influence is largely absent, something Islam described as "very unfortunate".

Saiful Islam, president of the DSE Brokers Association of Bangladesh (DBA), said many still confuse banks, insurance firms and non-bank financial institutions (NBFIs) with institutional investors.

READ MORE ON B3

Factories shut after July uprising still struggle to reopen

Ministry to review Beximco park units today

REFAYET ULLAH MIRDHA

More than a year after the July uprising and the unrest that forced scores of factories to shut, many units remain closed amid funding shortages, delayed insurance claims, and stringent banking conditions – leaving tens of thousands of workers still out of work.

Many of the affected factories belong to major conglomerates linked to the ousted Awami League government, including the Beximco Group, Gazi Group, and the Bengal Group of Industries.

"Nearly two lakh garment workers have lost their jobs since the July uprising last year. Of them, only about 50,000 have managed to find

KEY POINTS

Many burnt or closed factories remain shut due to financial crisis

Nearly two lakh workers lost jobs: BKMEA

Only 50,000 workers found jobs so far

Labour ministry convened a meeting today to discuss the issue

Of the affected units, garment sector was the worst sufferer

new work as many factories are still struggling to reopen," said Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

For instance, Beximco Textile, once employing 35,000 workers inside the Beximco Industrial Park in Kashimpur, now has only about 15 percent of its workforce. All 15 units at the park have remained shut since the group failed to pay wages after its owner was jailed on charges of instigating killings during the uprising.

Many of the workers who lost their jobs were not hired by other companies due to their history of working at Beximco, said Khalid Shahriar, head of HR and compliance for the Textile and Garment Division of Beximco Group.

READ MORE ON B3

Packaged food market poised to reach \$5.8b by 2030



STAR BUSINESS REPORT

Bangladesh's packaged food industry is on a rapid growth trajectory, with the market projected to reach \$5.8 billion by 2030, said Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue (CPD), yesterday, citing official data.

Referring to data from the Bangladesh Investment Development Authority (Bida), he stated that the industry, currently valued at \$4.8 billion, is witnessing steady growth, particularly in the ready-to-eat and processed food segments, as working families and younger consumers increasingly prioritise convenience.

"The expansion of the agro-processing sector, particularly in packaged food, is no longer just a domestic consumption story. It has strong potential to be Bangladesh's next major export engine," Moazzem said while presenting the keynote paper at a workshop on agri and agro-processing in Dhaka's Gulshan.

The prominent industrial economist noted that with nearly 40 percent of the population now living in urban areas, food habits are shifting fast. Consumers are leaning toward branded, hygienically packaged products such as biscuits, noodles, frozen parathas, juices, and snacks – items that already dominate both domestic shelves and export charts.

Citing data from the Bangladesh Agro-Processors' Association (Bapa), he said biscuits alone fetched \$88.5 million in export earnings, followed by noodles and frozen parathas.

"These products reflect not just strong local demand but also growing international appetite. As incomes rise, demand for premium packaged foods will deepen further," he added.

Referring to Bangladesh Bureau of Statistics (BBS) projections, he said a significant shift in household food expenditure toward processed and ready-to-cook items is expected by 2030.

Moazzem likened the sector's evolution to a "tadpole turning into a frog," highlighting its transition from informal cottage industries to export-oriented manufacturing.

However, he cautioned that basic challenges persist, particularly in cold chain infrastructure, power supply, high interest rates, and red tape.

READ MORE ON B3

Current account slips back into deficit

STAR BUSINESS REPORT

The current account balance, which records the country's transactions with the rest of the world, has slipped back into deficit, signalling renewed pressure on the external economy.

During the July-September period of the current fiscal year, the current account posted a deficit of \$481 million, compared with a \$60 million surplus in the same period last year, according to the latest data from the Bangladesh Bank.

The current account captures the net flow of funds into and out of the country, including payments for goods and services, income earned from overseas investments, and foreign aid.

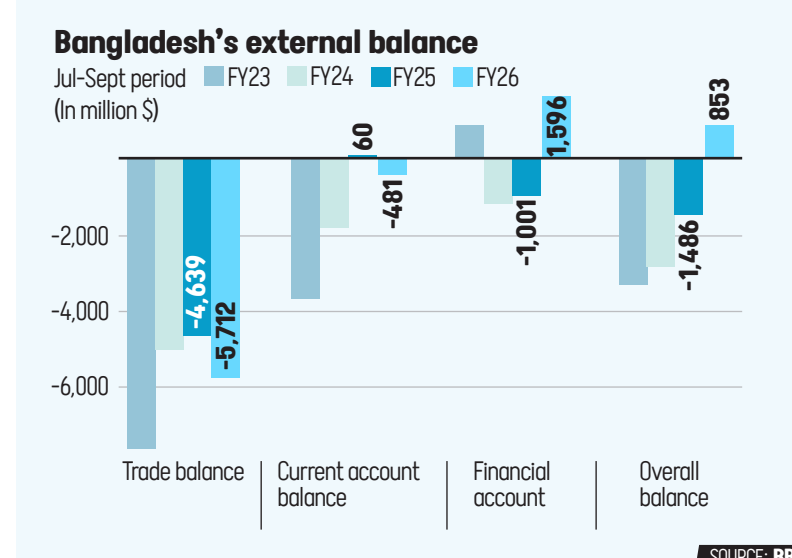
When imports exceed exports, or when outgoing payments for investment and aid are higher than incoming receipts, the account moves into deficit.

Short-term fluctuations in the current account are not a cause for concern, as the deficit is unlikely to continue over the longer term, said Mohammad Akhtar Hossain, chief economist of the Bangladesh Bank

"Import payments are rising ahead of the upcoming Ramadan, contributing to the negative balance," said Mohammad Akhtar Hossain, chief economist of the Bangladesh Bank.

He said that short-term fluctuations in the current account are not a cause for concern, as the deficit is unlikely to continue over the longer term.

During the July-September



SOURCE: BB

period, import payments increased 10.6 percent year-on-year to \$16.80 billion, up from \$15.19 billion, while export earnings grew only 5.1 percent to \$11.08 billion, according to BB data.

Md Deen Islam, associate professor of economics at Dhaka University, told The Daily Star that the deficit may widen in the coming months as imports continue to rise, while exports show no clear upward trend.

He said that global prices of essential commodities are stable for now, but any future increase would push import costs higher.

"Export growth should be increased by diversifying into new markets and products," Islam said.

He also said that Bangladesh should take measures to increase remittance inflows, which would help the country withstand potential external shocks.

The trade deficit, the difference between import and export payments, widened to \$5.71 billion

during the first three months of FY26, up from \$4.63 billion in the same period last year.

Meanwhile, the financial account, another key part of the balance of payments, returned to surplus.

This account tracks cross-border flows related to investments, loans, aid, and other financial transactions, including foreign direct investment, medium and long-term loans, trade credit, portfolio investment, and changes in reserve assets.

In the July-September period of FY26, the financial account recorded a surplus of \$1.59 billion, compared with a \$1 billion deficit a year earlier. During July and August alone, it had registered a \$525 million deficit.

Net foreign direct investment rose to \$318 million from \$114 million, according to the balance of payments data.

In the first quarter of FY26, the overall balance of payments showed a surplus of \$853 million, reversing a \$1.48 billion deficit recorded in the same period last year.

BB widens trade finance scope for offshore banking units

STAR BUSINESS REPORT

In a move to broaden access to trade finance, Bangladesh Bank (BB) has amended key provisions of its directive governing offshore banking units (OBUs).

The central bank issued a notice yesterday, modifying the OBU guidelines to allow greater flexibility in extending trade finance facilities through authorised dealer (AD) banks.

Under the earlier framework, OBUs were permitted to provide trade finance to enterprises located in specialised and non-specialised zones, arranged through their own bank's ADs, in the form of buyer's credit, accepted bill financing, and similar instruments. The latest amendment, however, significantly widens this scope.

According to the revised provisions, OBUs can now extend trade loans not only through ADs of their own banks but also through ADs of other banks, subject to comprehensive risk assessments – including counterparty exposure and limit evaluations.

This represents a major step towards enhanced interbank collaboration in offshore financing operations, according to BB officials.

For enterprises located in specialised zones, OBUs are now allowed to finance entities other than fully foreign-owned ones, arranged through both their own ADs and those of other banks, in the form of admissible trade finance instruments for the permissible tenure.

Such financing must comply with existing prudential credit norms and due diligence requirements.

Likewise, for enterprises located in non-specialised zones, OBUs can now extend buyer's credit, accepted bill financing, and other permissible trade instruments through both their own ADs and those of other banks, following proper risk evaluation procedures.