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BUSINESS

BB governor wants legal reforms before polls, finance adviser ‘unsure’

STAR BUSINESS REPORT

Bangladesh Bank Governor Ahsan H Mansur yesterday urged Finance Adviser Salehuddin Ahmed to fast-track amendments to the Bangladesh Bank Order and the Bank Companies Act ahead of the national election.

In response, the adviser expressed doubt, saying he was “unsure” whether the two laws could be revised before the polls scheduled for February 12 this year.

The discussion took place at a roundtable on banking sector reforms, jointly organised by the English daily The Financial Express and Mutual Trust Bank at Six Seasons Hotel in Dhaka.

Salehuddin Ahmed was the chief guest, while the governor attended as the special guest.

The event was also attended by managing directors of private and state-owned banks, alongside business leaders. Bankers and entrepreneurs put forward various suggestions and demands, with bank MDs backing the governor’s proposed reforms.

However, the finance adviser pointed to time constraints and his limitations.

When the governor said that passing the laws after the election would be difficult, he replied, “We will try. However, the time is short, so we are not sure how much can be accomplished.”

On the independence of the central bank governor, he said it is definitely necessary. “But there is a lot of discussion about the governor’s status, whether the person should enjoy the status of a minister or not.”

Referring to the governor’s position, Ahmed said, “A governor is a governor. I do not understand why a governor should be a minister.”

The central bank governor said that seven laws or ordinances have been submitted to the government, but only two have been approved so far. These include the Bank Resolution Ordinance and the Deposit Protection Act.

He said amendments to the Money Loan Courts Act also needed urgent approval to support banking reforms, but the proposal has been returned for corrections.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the Bangladesh Bank Order and Bank Companies Act should be approved before the election, as it will be harder to pass them afterwards.

Sarif Zahir, chairman of United Commercial Bank, criticised long-term policy support. He said some businesspeople have benefited for 12 years, which is illogical.

“Finance companies provide loans for a maximum of six years, but under the policy support, borrowers are getting 12 years to repay loans,” he added.

Taskeen Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI), said banking reforms are currently affecting the economy.

Syed Abu Naser Bukhtear Ahmed, chairman of Agrani Bank, said if the government plans to merge banks, it can do so. But it must be handled cautiously.

“If it announces this publicly, there will be a bank run. We have seen how deposit withdrawals surged after the liquidation of some financial institutions was announced,” he added.

Shah Md Ahsan Habib, a professor at the Bangladesh Institute of Bank Management (BIBM), presented the keynote at the event. It was presided over by The Financial Express Editor Shamsul Huq Zahid.

PRAN-RFL to invest €30m in fish farming with Danish firm

STAR BUSINESS REPORT

PRAN-RFL Group has partnered with Denmark’s Assentoft Aqua to establish an indoor, fully controlled intensive fish farming facility in Bangladesh using recirculating aquaculture system (RAS) technology, marking a significant move into industrial-scale aquaculture.

RAS technology treats and reuses water through filtration, enabling high-density fish production with minimal environmental impact.

Habiganj Agro Limited, a sister concern of PRAN-RFL Group, signed a memorandum of understanding (MoU) with Assentoft Aqua yesterday at the PRAN Centre in Dhaka, according to a press release.

The proposed project involves an estimated investment of €30 million (Tk 429 crore).

According to the MoU, the facility will be developed in multiple phases, with the preferred location at the Mirsharai Economic Zone or another mutually agreed site. The investment is expected to be rolled out over the next two years in two to three phases.

The project will primarily focus on farming Asian seabass, with scope to introduce other high-value species such as grouper and hilsa.

The target harvest size is set at 1,200 to 1,500 grammes per fish. Most of the output

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Spinners threaten factory shutdown from Feb 1

Textile millers say production will halt if the government does not end duty-free yarn imports within this month

TEXTILE MILLERS THREATEN SHUTDOWN

SPINNERS SAY

- Cheap Indian yarn floods market
- Tk 12,500cr unsold stock
- 50-60 mills already closed
- Loan repayments at risk

IMPORTS

- 69.81cr kg yarn imported in FY25
- Import bills amounted to \$2b
- 78% of FY25 imports came from India

TEXTILE MILLERS WANT

- Discussion with the govt
- Gas supply at reduced rates
- Lowering interest rate for bank loans
- Policy support to ensure 40% plus value addition in post-LDC era

STAR BUSINESS REPORT

Local textile millers have threatened to shut spinning units from February 1 for an indefinite period if the government does not withdraw the duty-free import facility for yarn by the end of this month.

While speaking at a press conference at the Bangladesh Textile Mills Association (BTMA) office in Dhaka yesterday, BTMA leaders said the government would bear responsibility for any labour unrest that might follow factory closures.

Spinners also warned that shutting production units could make it impossible to repay bank loans and other financial obligations.

They said domestic mills are sitting on unsold stock worth Tk 12,500 crore as cheap Indian yarn floods the local market.

The statement came amid opposition from apparel manufacturers and exporters to the commerce ministry’s recommendation to end duty-free benefits under the bonded warehouse

facility for certain yarn imports.

BTMA leaders say that local mills are capable of producing sufficient yarn to meet domestic demand. But the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) say domestic yarn prices for 10 to 30 count cotton are higher than imports.

At the press conference, BTMA President Showkat Aziz Russell described the situation as a “national crisis” and an “emergency” for the local spinning sector.

He said that many mills are operating at just 60 percent capacity due to a gas shortage, yet the government continues to collect tax and value-added tax (VAT) without reducing gas prices.

He also pointed to past disruptions, noting that when India halted cotton exports, local millers faced trouble. Over-reliance on a single source, he said, could pose a serious threat to Bangladesh in the future.

The BTMA president said after the country graduates from the least developed club in November this year, a minimum of 40 percent local value addition will be required to enjoy trade benefits in foreign markets. But the government has made no preparations.

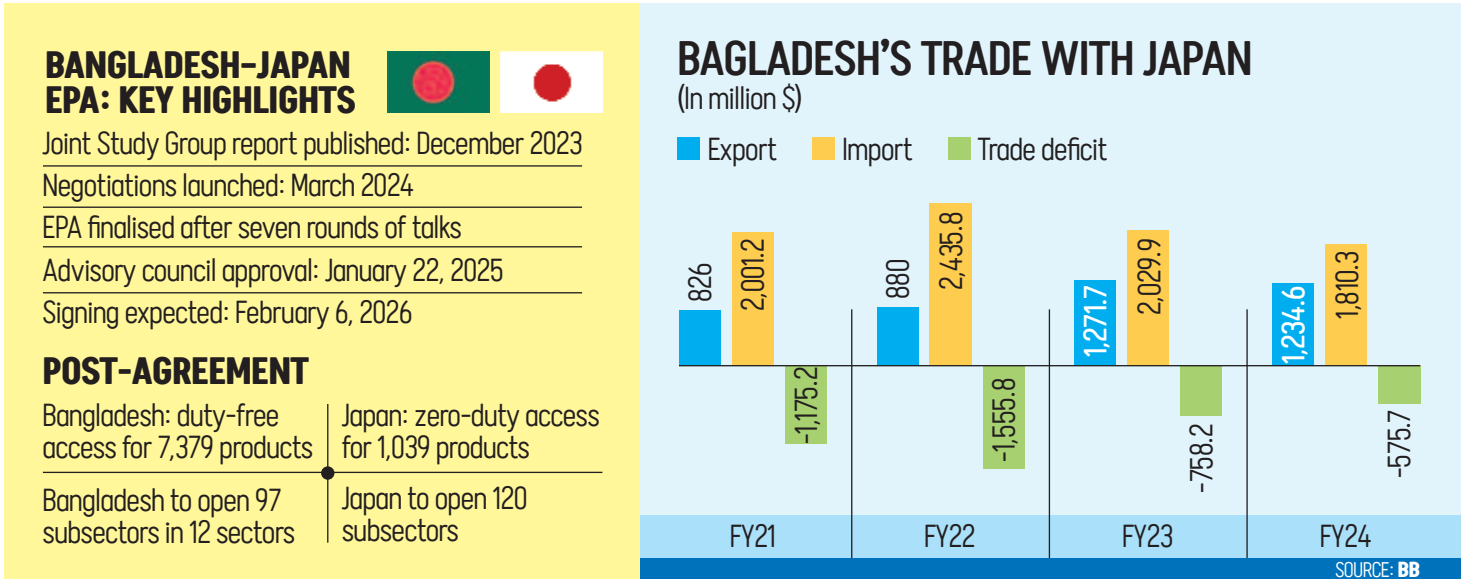
Russell also complained that the government is not allowing discussions on the sector’s challenges. He also called around 16 percent interest on bank loans “misguided”.

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Govt approves EPA signing with Japan

It will be Bangladesh’s first full-fledged trade agreement with a major partner



REEFAYET ULLAH MIRDHA

The interim government’s advisory council yesterday approved the signing of an Economic Partnership Agreement (EPA) with Japan, paving the way for duty-free market access for Bangladeshi exports to the East Asian country after LDC graduation.

Bangladesh is scheduled to graduate from LDC (least developed country) status in November this year.

Once the agreement comes into effect, Japan will allow duty-free access for 7,379 products, which are 97 percent of Bangladesh’s export basket, including the main garment items, according to a press release from the commerce ministry.

In return, Bangladesh will provide duty-free access to 1,039 Japanese products, largely in phases over 18 years.

With the advisory council’s approval, all procedural steps required for signing the agreement have been completed, Commerce

Secretary Mahbubur Rahman told The Daily Star over the phone.

He said the Japanese government has also approved the final draft, and the EPA is scheduled to be signed in Tokyo on February 6. Senior officials from both countries will attend the signing ceremony.

The deal will be Bangladesh’s first full-fledged trade agreement with a major partner. So far, the country has signed only one preferential trade agreement, also with Japan, in December 2020.

Unlike a conventional tariff-focused trade deal, the EPA covers a broad range of areas, including investment, services, labour standards, regulatory cooperation and compliance issues.

Earlier, at a press conference in December last year, Japanese Foreign Minister Motegi Toshimitsu endorsed the draft during a phone conversation with Commerce Adviser Sk Bashir Uddin.

The EPA introduces single-stage

transformation provisions for garments, easing rules-of-origin requirements.

The agreement also includes a chapter on trade in services. Bangladesh has agreed to open 97 sub-sectors across 12 service sectors to Japan, while Japan will open 120 sub-sectors to Bangladesh. The move is expected to facilitate greater Japanese investment and technology transfer.

Japanese investment in Bangladesh currently stands at about \$500 million, a small fraction of Japan’s global outward investment.

The East Asian country remains Bangladesh’s largest export destination in Asia, with shipments currently standing at nearly \$2 billion, driven largely by demand for Bangladeshi garments under Japan’s duty-free access scheme for LDCs.

Last month, Japan reaffirmed to the World Trade Organisation that it would continue duty-free market access for Bangladesh for three more years, up to 2029.

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Telenor sells stake in Thailand’s True Corporation

May also do deal in Bangladesh, says CEO

REUTERS, Oslo

Telenor said on Thursday it would sell its 30.3 percent stake in Thailand’s True Corporation for 39 billion Norwegian crowns (\$3.92 billion), its second divestment from Asia in recent months, lifting the Norwegian group’s shares 8 percent.

Telenor said it had signed an agreement with Arise Digital Technology Company, owned by Khun Suphachai Chearavanont, to sell 24.95 percent in True and then its remaining 5.35 percent stake two years after the closing of the initial deal.

Telenor has been a major investor in Asian telecoms since the 1990s, building operations in Bangladesh, Thailand, Malaysia and Pakistan, but has recently said it is open to deals as the industry matures.

MAY ALSO DO DEALS IN MALAYSIA, BANGLADESH “With the completion of the sale of Telenor Pakistan in

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BB changes decision, allows five banks to pay profit to depositors

STAR BUSINESS REPORT

Amid widespread anger, the Bangladesh Bank (BB) has backtracked on its earlier decision to bar five merging Islamic banks from providing any profit to depositors for 2024 and 2025.

Under the latest instructions, the banking regulator said the commercial lenders will provide a provisional profit at an annual rate of 4 percent on Mudaraba savings and term deposit accounts for the period from January 1, 2024, to December 28, 2025.

The revised decision will apply only to individual depositors, according to letters sent separately to each of the five banks on Wednesday.

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