

Politics: State Reform Plans Hit The Table

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# Business Outlook

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## White Paper

### Unveiling The Scars Of AL Regime



BB Governor Devours His Own Words



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# Business Outlook

From the Editor

## White Paper: Engage Knowledgeable Persons

The government has formed a 12-member committee, led by Dr Debapriya Bhattacharya, a distinguished fellow at the Centre for Policy Dialogue (CPD), to prepare a white paper on the state of Bangladesh's economy. The committee members include Professor AK Enamul Haque, dean of the Faculty of Business and Economics of East West University; Ferdous Ara Begum, CEO of Business Initiative Leading Development (BUILD); Imran Matin, executive director of BRAC Institute of Governance and Development at BRAC University; Dr Kazi Iqbal, senior research fellow at Bangladesh Institute of Development Studies (BIDS); and Dr M Tamim, professor of Bangladesh University of Engineering and Technology (BUET). The other members are Dr Mohammad Abu Eusuf, professor of Dhaka University's Department of Development Studies; Professor Mustafizur Rahman, distinguished fellow of CPD; Dr Selim Raihan, professor of Department of Economics, University of Dhaka; Dr Sharmind Neelormi, professor of Department of Economics of Jahangirnagar University; Dr Tasneem Arefa Siddiqui, founding chair of Refugee and Migratory Movements Research Unit (RMMRU); and Dr Zahid Hussain, former lead economist of the World Bank. The formation of the committee came in line with the interim government's decision to prepare the white paper so that strategic steps can be taken to stabilise the economy, attain the Sustainable Development Goals and mitigate the challenges after Bangladesh graduates from the LDC grouping. Debapriya, who is also the convener of the Citizen's Platform for SDGs, Bangladesh, said after a meeting with Finance Adviser Salehuddin Ahmed at the Secretariat on August 25 that the panel would consider incorporating issues beyond its mandate, depending on the situation. The committee was given 90 days to complete its job. By and large, most of the conscious citizens welcome such a move as it will be a tremendous work of such a government which came through a student-people mass upsurge that brought to an end to fascist Hasina's autocratic rule of 15 years. Such a committee is essential to understand how the autocratic ruler looted our wealth and destroyed our economy.

But the committee must have a pinpoint investigation and go deep into the areas it was assigned to cover. The 90-day time might not be enough to complete such a big job. The committee as part of its work should sit with those knowledgeable reporters who didn't have any alignment with the past regime, but tried to unearth the truth. The committee should also engage those former government officers who had been victims of the past regime because of their integrity, honesty and courage, when they tried to block the illegal activities of Sheikh Hasina. Then the committee will be able to find out the culprits who helped Hasina plunder the national wealth through corruption. We believe the committee will do so. ■



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## US Plans Talks On Economy With Bangladesh Leader Muhammad Yunus

The United States is set to launch economic talks this week with Bangladesh's interim government, including its leader, Muhammad Yunus, the Financial Times reported on September 10. The government led by the Nobel Peace laureate was sworn in last month with the aim of holding elections in the South Asian nation after the ouster of prime minister Sheikh Hasina following deadly protests against quotas for government jobs. "The United States is optimistic that, by implementing needed reforms, Bangladesh can address its economic vulnerabilities and build a foundation for continued growth and increased prosperity," Brent Neiman, assistant U.S. Treasury secretary for international finance, told the newspaper. A delegation of treasury, state and trade officials, is expected to discuss Bangladesh's fiscal and monetary policy and also the health of its financial system,



the paper said. The talks will be held on Saturday and Sunday in the capital, Dhaka, it added. Officials in Bangladesh's finance ministry and Yunus' office said they were not aware of the visit. Bangladesh's \$450-billion economy has slowed sharply since the Russia-Ukraine war pushed up prices of fuel and food imports, forcing it to turn to the International Monetary Fund last year for a \$4.7-billion bailout. ■

## NBR Scraps Provision To Whiten Black Money

The National Board of Revenue has cancelled the provision which allowed taxpayers to whiten black money without scrutiny by paying a 15 percent tax. The tax authority issued a notification in this regard on September 2. The development comes a few days after Syeda Rizwana Hasan, the environment adviser, told journalists that the interim government would scrap the provision. The exemption allowed taxpayers to legalise undeclared income without facing any questions about the source of wealth. However, the taxpayer would have to pay a 15 percent tax on their assets, including cash, for the current fiscal year. The decision drew sharp criticism from economists, trade bodies and civil society. ■



## YiXin Bangladesh To Invest \$7.45m In Bepza EZ



YiXin Bangladesh, a Chinese company in Bangladesh, will set up a footwear accessories manufacturing factory in the Bepza Economic Zone with an investment of \$7.45 million. The company has set a target to annually produce 10 million pairs of footwear materials. The investment will create employment opportunities for 1,509 Bangladeshi nationals in the factory. To this effect, the Chinese company signed an agreement with the Bangladesh Export Processing Zones Authority (Bepza) at the BEPZA Complex in Dhaka, according to a press release. Md Ashraful Kabir, member (investment promotion) of Bepza, and Jian Zaiyi, managing director of YiXin Bangladesh, penned the deal. Major General Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, thanked YiXin Bangladesh for investing in Bangladesh, especially in the Bepza Economic Zone. Rahman urged the investors to start the construction of the factory as soon as possible. ■

## India-Financed Projects To Continue

The projects funded by Indian loans will proceed as planned, said Finance and Commerce Adviser Salehuddin Ahmed. The adviser shared this update after a meeting with Pranay Verma, the high commissioner of India to Bangladesh, at his office on September 10. "These projects are crucial for strengthening the bilateral relations between the two countries. We discussed ways to increase cooperation," he said. This statement comes amid concerns about the timely implementation of projects funded under the three lines of credit (LoC), following the ouster of Sheikh Hasina's government in a mass uprising on August 5. The LoCs were signed during Hasina's tenure. India has committed \$7.36 billion under the LoC for 42 projects in sectors such as roads and highways, railways, shipping, power, ICT, telecommunications, civil aviation, and economic zones in Bangladesh. Around \$2 billion has been disbursed under the LoC so far. Speaking to reporters, Verma said, "We remain fully engaged." ■



## NBR Asks Officials To Come To Office On Time



The National Board of Revenue (NBR) has asked the officials of its income tax wing to be at office ahead of the 9:00am reporting time. "If an officer is unavailable at their station for being engaged in other work, his or her whereabouts will be recorded in the form of a written notice and hung in a visible place of their office," the NBR said. The tax administrator yesterday issued the directives in an order signed by GM Abul Kalam Kaikobad, member of tax and administration and human resource management at the NBR. The tax commissioner or director general will check the presence of all officers and employees working in their offices. If necessary, the official can take steps according to the rules. "If an officer is on leave or out of the office for a meeting or any other reason, a notice in this regard shall be recorded and hung in a visible place," the NBR said. ■

## Ten Banks Hold 71% Of Total NPLs

Only 10 out of 61 banks in Bangladesh account for more than 71% of all non-performing loans (NPLs) in the country, according to a report from Bangladesh Bank (BB). Of these 10 banks, five are state-owned commercial banks, while the other five are private commercial banks. There was a time when discussions around NPLs focused mainly on the poor state of public sector banks. However, private banks are now becoming part of the conversation as well. According to data obtained from the Bangladesh Bank, the total defaulted loans in the banking sector stood at Tk2,11,391 crore by the end of June, representing 12.56% of total outstanding loans. However, the top 10 banks alone held Tk1,49,200 crore in defaulted loans, amounting to 70.58% of the total. Dr Zahid Hussain, former lead economist at the World Bank's Dhaka office, said that the default loan figure presented by the Bangladesh Bank report is consider-



ably lower than the actual amount. He emphasised that banks should not, under any circumstances, allow NPLs to rise further. "We have implemented a liberal model to manage NPLs, repeatedly rescheduling loans and allowing one-time defaulters to regularise by making partial payments. The time has come to adopt a stricter approach with large and repeat defaulters." ■





*Muhammad Yunus  
Chief Adviser of Bangladesh*

# State Reform Plans Hit The Table

*SMS Hasan*

**F**inally, the roadmap for the state reforms has been declared by the interim government. Chief Adviser Prof Dr Muhammad Yunus announced the roadmap in a nationwide televised speech on September 11. His planned reforms involve the restructuring of multiple sectors, including constitution, judiciary, election commission, public administration, police and anti-corruption commission. Plans for appointing heads of six commissions have been declared by the CA. He also laid out a detailed agenda for his government to bring a substantial change in all strata of the society in the spirit of the student-people uprising that toppled the autocratic and fascist Sheikh Hasina's regime on August 5. Different political parties, including the Bangladesh National Party

(BNP), have been demanding such a roadmap where the interim government would declare its plans for implementation of the reforms to make Bangladesh a truly democratic state. Dr Yunus announced his plans on the completion of one month in office when the administration was still struggling to restore law and order and consolidate its power in civil administration. Bangladesh Army and all other political parties, excluding Awami League, have been extending their full support to the interim government. However, there are some pockets where it is believed that the collaborators of the previous fascist regime are still active in creating anarchy and unrest. The garment and medicine manufacturing industries are among those pockets where the government has to struggle a lot. However, the top

leaders, ministers, lawmakers and beneficiaries in the civil administration and law enforcement agencies are on the run although some of them were arrested and are now in jail. But their secret activities have not stopped. Even some of them are trying to run activities from hideouts at home and abroad. On the other hand, all other countries except neighbouring India have accepted the change in Bangladesh as a ground reality. Instead, the Indian high commissioner in Dhaka is almost every day meeting different advisers of the interim government to express his country's concerns about the protection of Indian interests in different projects and businesses. The US played a pivotal role in extending support to the interim government. US Assistant Secretary of State for South and Central Asia Donald Lu is sched-

uled to visit Dhaka to express further solidarity with the student-people uprising and also extend further support in the economic field. The interim government has been facing the most crucial challenge in the economic field as the fascist

you do not retreat to the spectators' gallery after entrusting us with the heavy responsibility of reforms. Stay with us. We will reform together. This is a responsibility for all of us. Bring reform in your own world. A nation's reform cannot only be the government's reform,"



*Tarique Rahman, Acting Chairman of BNP, addressing a public rally at Gopalpur upazila of Tangail district through a virtual platform recently*

government looted billions of dollars from different sectors, including banking and energy, and laundered that money abroad. It provided support to some looter business groups like S Alam and Beximco through just printing money of Tk 60,000 crore that pushed up inflation to double digits. The prices of essentials have gone up to unbearable levels. Bringing these prices to a reasonable level by containing inflation would be another major challenge for the Yunus-led government.

### **Govt To Set Up 6 Commissions For Key Sector Reforms**

In his speech, Chief Adviser Dr Yunus announced that the interim government has taken steps to form six commissions to overhaul six key sectors, including the electoral system, in a bid to reform the state, calling upon people from all walks of life to bring about reforms in their respective spheres. "We want reforms. Our earnest request is that

he said. Referring to the historic July uprising of students, workers and the masses and the fall of the fascist government at the cost of thousands of lives, Dr Yunus said an unprecedented time and opportunity have arisen to implement the message and aspirations of this uprising.

He stressed that in order to prevent the recurrence of fascism or authoritarian rule in Bangladesh and establish a people-owned, welfare-oriented and public-interest-driven state system, some national reforms are urgently needed. A central focus of these reforms is to ensure the establishment of a fair electoral system and good governance.

Dr Yunus said: "Reforming the police administration, public administration, judiciary, and Anti-Corruption Commission, along with the Election Commission, is essential for a free and fair election. I believe these reforms will

also contribute to establishing a people-owned, accountable, and welfare-oriented state system." He said six prominent citizens, selected for their expertise in specific areas, will lead these commissions. Dr Badiul Alam Majumdar will head the Electoral System Reform Commission while Sarfa Raj Hossain Police Administration Reform Commission, Justice (retired) Shah Abu Naeem Mominur Rahman Judicial Reform Commission, Dr Iftekharuzzaman Anti-Corruption Reform Commission, Abdul Muid Chowdhury Public Administration Reform Commission and Dr Shahdeen Malik will be in charge of the Constitutional Reform Commission.

The chief adviser further explained that the remaining members of these commissions will be decided in consultation with the respective heads. Members of the advisory council, representatives of the student-worker-public movement, civil society, and political parties will participate in the discussions and consultations of these commissions.

Expressing hope that these commissions will formally begin their work on October 1, Dr Yunus said: "We expect the commissions to complete their work within the next three months. Based on their reports, the government will organise consultative meetings with the major political parties. Ultimately, a three-to-seven-day broad-based consultative meeting, involving representatives from the student community, civil society, political parties, and the government, will finalise the framework for the reforms. This will also provide a blueprint for the implementation of these reforms." He expressed optimism, saying: "We believe that this initiative, united by the urgency to implement the message of the July uprising and rebuild the state, will strengthen and inspire the entire nation." Referring to discus-



sions with political parties and various stakeholders, the chief adviser said: "Over the past month, I have met with several political parties separately and exchanged views. They have encouraged us and expressed support for the goals of the student-worker-public revolution. They have assured full cooperation in the reform process. I have also consulted with prominent editors, who have provided valuable advice and assured full support. Now it's time for us to move forward with everyone's suggestions. I have also met with prominent business leaders and explained the government's goals to them. They too have agreed with our goals."

Mentioning that the core aim of the reforms is to ensure equal rights for all, Dr Yunus said: "We have a lot of work ahead of us. We want to move forward together toward the same goal. We want to create a structure that enables the untapped talents within us, especially within our new generation, to be expressed without obstacles, with the support of the state and society. Together, we want to ensure equal rights for every member of our family, whether they are a sweeper, a student, a teacher, or of any religion. That is the core goal of our reforms. Let's quickly realise the goals of the student-worker-public revolution."

Speaking about the government's work during its first month, he said: "In the first month, we may not have been able to move forward with the pace and enthusiasm we had envisioned, due to real-world circumstances. If the law and order situation remains stable, I hope we will be able to accelerate our pace. For this, I seek the cooperation of all the people in the country—teachers, students, farmers, workers, professionals, large and small business owners, day labourers, housewives." Seeking everyone's support, he said: "Our work is

very difficult, but as a nation, we cannot afford to fail this time. We must succeed, and this success will come because of you, because of your cooperation. Our job is to make our collective dreams a reality. As we enter our second month, we will strive to instil strong confidence in you."

### **Govt Preparing List of Draconian Laws**

In his speech, the chief adviser said false and harassment-based cases filed under the Anti-Terrorism Act and Digital Security Act (now Cyber Security Act) are being withdrawn. Additionally, investigations and prosecutions of five high-profile murder cases, includ-

expression has already been ensured, he said: "We have told everyone to feel free to criticise us. We respect everyone's opinions." To ensure that the media can work without any hindrance, the government is actively considering forming a media commission. Additionally, the government is undertaking efforts to restructure and reform commissions that hold it and others accountable, making them more robust and focused on public welfare.

### **Tarique: Ghosts Of Deposed Dictator Spreading Confusions**

BNP acting Chairman Tarique Rahman on September 11 said the ghosts of the deposed dictator are



*Assistant Secretary of State for the Bureau of South and Central Asian Affairs Donald Lu is scheduled to travel to Bangladesh from September 10 to 16*

ing the murder of journalists Sagar and Runi, are being prioritised and expedited.

He highlighted that the interim government initiated significant reforms in the judiciary right from the beginning of its tenure.

The appointment of the most qualified individual as chief justice has instilled new hope among the people. Important appointments, including judges of the Appellate Division and the attorney general, have all been completed. Emphasising that freedom of the press and

spreading confusions and engaging in various unethical activities using the name of BNP.

"The dictator has been ousted. But the ghosts of the dictator are still roaming around. So, they are trying to spread various confusions. Many of them have been involved in various unethical activities, using the name of this party (BNP)," he said.

Tarique, however, said there will be no profit from this conspiracy. The democracy-loving people of Bangladesh and the true soldiers of

martyred President Ziaur Rahman and Khaleda Zia will forge protest and resistance against it and give a befitting reply to this conspiracy in any way. He was addressing a public rally at Gopalpur upazila of Tangail district through a virtual platform. The BNP acting chairman said his party's goal is to ensure political freedom and simultaneous economic emancipation for the people of the country. Noting that the BNP does politics for development and raising production in the country, he said if the BNP could come to power getting the public

have been kept detained in jail in 'false' cases.

### **Donald Lu, To Visit Dhaka, Focus On Economic Assistance**

The US is focusing on strengthening financial and economic cooperation with Bangladesh following the changed political situation, and a high-level delegation from the country will be visiting Dhaka in mid-September to discuss these issues, according to diplomatic sources at Dhaka and Washington. Sources said Brent Neiman, deputy under-secretary for international

the first visit of any US delegation since the interim government was sworn in. That is why, it is normal that talks will be held on how the bilateral relations can be strengthened in future, he stated. Earlier in August, a top UN delegation from Geneva visited Dhaka to discuss the modalities of an investigation into the violence centring the student-people movement, as well as the involvement of the UN in the democratic reform of Bangladesh. Last year, the US imposed visa restrictions in a bid to ensure a free and fair election in Bangladesh, creating tension between Dhaka and Washington. The Sheikh Hasina government came to power through a one-sided election on 7 January.

Both sides, however, were keen to improve bilateral relations despite their disagreements on democracy and human rights. For this, the Biden administration hinted at strengthening the ties by sending a high-level delegation to Dhaka in February this year. But a student-people movement toppled the Sheikh Hasina government in just seven months after she had come to power for the fourth consecutive term. It has been learned after contacting Dhaka and Washington that, like in February, the US delegation will also consist of representatives from the US National Security Council, State Department, Treasury and international donor agencies.

Lindsey W Ford, deputy assistant secretary of Defense for South and Southeast Asia, and Donald Lu, assistant secretary Bureau of South and Central Asian Affairs, will be in the delegation. This will be Donald Lu's second visit to Dhaka this year. He first visited Bangladesh in May this year. Sources said the US delegation is scheduled to hold meetings with the Chief Adviser Dr Yunus, Finance Adviser Salehuddin Ahmed and Foreign Affairs Adviser Touhid Hossain. Besides, the US



*File Photo: Protesters clash with guards and police as violence erupts across Bangladesh after anti-quota protests by students in Dhaka*

mandate in the election, its government would unlock the prospects of different local areas for the economic emancipation of the people.

Tarique said they have been able to overthrow the dictator with the support and cooperation of the people of Bangladesh. "If we can form a government getting your support and cooperation in the coming days, we'll unlock the doors of these potentials so that the people of Bangladesh will be able to earn economic emancipation," he said.

He demanded the release of all leaders and activists, including Abdus Salam Pintu of BNP, and also other opposition parties, who

finance at the US Department of Treasury, will also be in the delegation.

During their Dhaka visit, the delegation will present the issues of US preferences to maintain the bilateral relations. It also will try to learn and understand the expectations and demands of Bangladesh. Then the delegation will return to Washington and finalise how Bangladesh can be provided with assistance at the policy level.

Speaking about the visit, the foreign affairs adviser to the interim government Md Touhid Hossain told Prothom Alo that a high delegation of the US is scheduled to visit Bangladesh this month and it is

delegation may exchange views with leaders of the student-people movement, political parties and civil society representatives in Dhaka. Diplomatic analysts said various issues related to bilateral ties might come up during the visit of the US delegation despite giving focus on economic and financial assistance. Usually, Washington will be soft as they extended support to Dr. Yunus-led interim government. However, various issues including improvement of an investment-friendly atmosphere, return of profits of several top US companies and payment of dues may come up in the case of financial assistance.

On the other hand, Bangladesh has the opportunity to raise the issue of US cooperation in repatriating the laundered money in a bid to tackle the persisting economic crisis.

### **Labour Rights Won't Go Unnoticed**

Labour rights in Bangladesh have been an important issue in bilateral relations for several years. Amendment to the labour law progressed, but the overall situation still lacks some improvement. The US made 11 recommendations to improve the situation. Since the qualitative change of situation did not happen during the tenure of the Awami League government, the US stressed labour situation improvement for investment and financial assistance.

Replying to a query on how the labour rights issues might come up during the visit of the US delegation after the change of police situation in Bangladesh, a senior official said the US always puts the labour situation on its list of preferences when it comes to economic and trade cooperation. This is also one of their major prerequisites for financial assistance and investment. However, the issue is highly unlikely to come as a pressure on the interim government. Talks have

been underway over Bangladesh receiving assistance from the US International Development Finance Corporation (DFC) for several years, and the US delegation may bring the labour rights issue to receive cooperation from agencies like DFC.

### **Human Rights And Democratic Reform**

The foreign policy of the US, especially when Democrats hold office, emphasises democratic values. So, it is normal to come up with democracy, good governance and human rights issues during the talks with US delegations. Diplomatic experts, however, remarked that the US would not stress this issue to the interim government amid the changed situation. Bangladesh had faced criticism

the human rights situation and democratic reform. According to diplomatic sources, the interim government has started talks on initiating the reform process in the country in cooperation with the UN.

They further said talks might be held on the scope of the US cooperation in the reform process to the priority sectors of the interim government.

Speaking about this, former ambassador and research organisation Bangladesh Enterprise Institute (BEI) President M Humayun Kabir said, "I believe the US delegation would prioritise financial and economic cooperation. Our economy is in a complex stage and we need assistance on an emergency basis. Now the US wants to assist



*File Photo: A revolution led by the masses has succeeded in overthrowing the dictatorship of Sheikh Hasina*

from the international arena over enforced disappearance and extrajudicial killings for over a decade. The interim government has already signed the International Convention for the Protection of All Persons from Enforced Disappearance and formed an independent commission to try the incidents of enforced disappearances. In this context, Bangladesh may receive US assistance in improving

Bangladesh with their DFC, and that requires improvement of the labour situation. Besides, there is also the issue of investment from the US. As a result, these issues will undoubtedly dominate the US delegation visit." ■





# ‘Efforts Underway To Improve Price Situation’

*Business Outlook Report*

**F**inance and Commerce Adviser Dr Salehuddin Ahmed said they had initiated efforts to make the price conditions of essential items more favorable for consumers. He was talking to the journalists after a meeting with stakeholders from Bangladesh’s poultry sector at the ministry’s conference room on September 1.

Dr Ahmed emphasised the government’s commitment to addressing market issues. “There are factors beyond production costs that influence daily commodity prices. In Bangladesh, when prices rise, they tend not to decrease easily—it takes

time,” he said. The adviser acknowledged the challenges but expressed optimism about improving the situation. Regarding discussions with top poultry sector businessmen, Dr Ahmed revealed that they focused on the current problems and potential solutions for egg and meat producers.

“We aim to minimise the price gap between producers and retailers. We will also address issues related to taxes and tariffs,” he stressed. When asked about the discrepancy between producer-level prices and retail prices of “sonali” chickens, which are sold for Tk185 per kilogram at the producer level but Tk 240 at the retail market in

Dhaka, Dr Ahmed announced that the Directorate of Agricultural Marketing would regularly set prices at a national level. Additionally, the Consumer Rights and Competition Commission will monitor the market to prevent price manipulation, he added.

The adviser also mentioned that, with the recent decrease in fuel prices, transportation and other related costs should reflect this reduction in product prices. “If prices rise, they never decrease. But that is not going to work now,” he warned. On the issue of syndicates in the poultry sector, Dr Ahmed acknowledged that while some may try to sell at higher prices,

business through syndication will not be tolerated. “People will try to slip away like eels, but business cannot be done by syndicate anymore,” he asserted.

Commerce Secretary Mohammad Salim Uddin, Fisheries and Livestock Secretary Syed Mahmud Belal Haider, Bangladesh Competition Commission Chairman Pradip Ranjan Chakraborty, Bangladesh Trade and Tariff Commission Chairman Dr Moinul Khan, and Directorate of National Consumer Rights Protection (DNCRP) Director General AHM Safikuzaman, among others, were present at the meeting. ■

# Entrepreneurs Show Interest To Insure Factories Against Attacks



## *Business Outlook Report*

**B**usinesspeople in Bangladesh are becoming interested in sabotage and terrorism insurance following incidents of arson, looting and vandalism at several industrial establishments across the country, according to various insurers.

Sabotage and terrorism insurance provides coverage against financial losses resulting from politically motivated violence as well as acts of terrorism or sabotage. A number of factories, such as the Gazi Tyres unit in Rupganj upazila of Narayanganj, have come under repeated attack since the Awami League government was ousted by a mass uprising on August 5, with many claiming

that such episodes are politically motivated. The insurers said that as the country has never faced this kind of situation, businesspeople were uninterested in sabotage and terrorism insurance in the past. An official of the Bangladesh Insurance Association (BIA) informed that all of the industrial units damaged so far were only covered by fire insurance.

So, when the primary insurers issued claims to their reinsurance providers, it turned out that they were not entitled to the full benefit because fire insurance does not cover acts of sabotage or terrorism. Reinsurance refers to insurance purchased by primary insurers from another insurance company to transfer some

of the insured risk to the reinsurer, according to Investopedia. AKM Monirul Hoque, chairman of Nitol Insurance Company Limited, said the recent incidents have led to a surge in interest in sabotage and terrorism insurance. "Unlike before, many businesspeople are now inquiring about this product," he said.

Hoque also said they have asked reinsurers to at least pay some compensation against their claims considering the current situation. "Although both primary insurers and reinsurers are looking to do business at the end of the day, I will try to pay as much of the claims as possible from my end," he added.

Repeated acts of violence at numerous factories since early last month have created deep concerns among entrepreneurs and cast the livelihoods of thousands of workers at these units into uncertainty. As of August 27, incidents of arson, looting and vandalism were reported at nearly three dozen industrial units across the country.

Most of the targeted establishments are owned by people who are politically affiliated with the former government, which saw its 15-year reign ended when Sheikh Hasina resigned from her post as prime minister before fleeing the country on August 5. The rampant acts of violence, facilitated by a complete breakdown of law and order follow-

ing the mass uprising, were termed unprecedented by business leaders. Hasan Tarek, chief executive officer of Continental Insurance Limited, said their field officers have been getting many inquiries from businesspeople.

Citing how the recent violence has created concerns about such incidents occurring in the future, he said it is a good thing that businesspeople are now thinking about mitigating such risks through insurance. Khaled Mamun, chief executive officer of Reliance Insurance Limited, said several companies had expressed interest in buying sabotage and terrorism insurance ahead of August 5. "But it was not right to seek insurance only after

realising what lay ahead," he said, adding that the interest in sabotage and terrorism insurance had waned since August 15. Furthermore, Mamun said businesspeople should be aware of potential risks in order to secure the right insurance on time.

"Besides, many businesspeople think buying insurance means they are just giving away money for nothing in return. But that is not the case," he added. Nitol Insurance's Hoque, who is also vice president of the BIA, said they are working on deciding what the premium rate for sabotage and terrorism insurance should be. "Hopefully, we will be able to fix it within the next couple of weeks," he added. ■

## Businesses Welcome Fuel Oil Price Cut



Business leaders and economists have welcomed the recent cut in fuel oil prices, viewing it as a positive step to help entrepreneurs cut operational costs.

They have also urged to empower the Bangladesh Energy Regulatory Commission (BERC) to oversee fuel price adjustments through public hearings. The interim government

announced a reduction in retail petroleum fuel prices for September, aligning tariffs with international market trends.

According to a notification from the Energy and Mineral Resources Division issued on Saturday, diesel and kerosene will now be sold at Tk105.5 per liter, while petrol will be priced at Tk121, and octane at

Tk125. These new rates went into effect from early Sunday. However, energy expert M Shamsul Alam criticised the government's approach, stating that adjusting fuel prices through executive orders, without public hearings, reflects an authoritarian stance. "This bypassing of public hearings is a violation of consumer rights. We expect the government to strengthen BERC for a more sustainable future," said Prof Shamsul, who is also an energy adviser at the Consumers Association of Bangladesh (CAB).

The price reductions amount to Tk6 per liter for octane and petrol, and Tk1.25 per liter for diesel and kerosene. Shams Mahmud, president of the Bangladesh-Thai Chamber of Commerce and Industry (BTCCI), said that fluctuations in fuel prices significantly impact business operations. "This is a commendable initiative to reduce fuel prices. Entrepreneurs, who are currently struggling to revive their activities, will find relief in this decision, as it helps improve efficiency in factory operations," he added. ■





Bangladesh loses Tk91,250 crore yearly to hundi-linked gold smuggling

# Smugglers Eat Into Remittances, Hundi Crashes Reserve

## Business Outlook Report

Over the past 15 years, illegal "hundi" transactions have severely exhausted the country's foreign currency reserves. Sources indicate that remittances, earned through the hard work of expatriates, have ended up in the pockets of smugglers. In particular, large amounts of illegally trafficked gold have been entering the country daily from the Middle East, traded for US dollars.

A significant portion of this gold has been re-smuggled to other countries via land and sea routes. Similarly, diamonds and diamond-like stones worth thousands of crores of taka

are smuggled into the country every year. According to the Bangladesh Jewellers Association (BAJUS), while the legal import of gold and diamonds is negligible, around Tk91,000 crore worth of gold is trafficked annually through the "hundi" system. In response to this situation, stakeholders are calling on the new government to arrest and ensure exemplary punishment for those involved in "hundi."

They have also urged the Bangladesh Bank, the Anti-Corruption Commission (ACC), and the National Board of Revenue (NBR) to conduct thorough investigations

and maintain surveillance abroad.

The ongoing dollar crisis has particularly impacted foreign currency reserves, as evident from numerous data points. Despite various initiatives, the dollar crisis has not been resolved, preventing banks from opening letters of credit (LC) in a timely manner. As a result, import and export activities have been disrupted, and the energy sector has been hit the hardest. Due to rising energy prices, the cost of all types of goods has increased uncontrollably, leading to a sharp rise in the cost of living. According to the latest data from Bangladesh Bank, expatri-

ates sent \$2.22 billion in remittances in August. The central bank's report further shows that remittances in the 2023-24 fiscal year were as follows: \$1.9731 billion in July, \$1.5994 billion in August, \$1.3343 billion in September, \$1.9714 billion in October, \$1.93 billion in November, \$1.9912 billion in December, \$2.1131 billion in January, \$2.1645 billion in February, \$1.997 billion in March, \$2.0442 billion in April, \$2.2538 billion in May, and \$2.5416 billion in June.

Abdul Awal Mintoo, former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI),

said, "Hundi is a major factor in the economy. More remittances come through 'hundi' than through banking channels. Since the government manually controls the currency value, expatriates are encouraged to use 'hundi.' As a result, the actual reflection of remittances is not visible in the foreign exchange reserves of the central bank. The entry of remittances through 'hundi' encourages gold smuggling and other forms of trafficking. The new government

route for gold must be examined. The BAJUS has reported that gold and diamond smuggling results in an annual outflow of around Tk91,250 crore. They highlighted that Bangladesh shares borders with 30 districts of India, including Meherpur, Kushtia, Chuadanga, Jhenaidah, Jessore, and Satkhira in the Khulna division, which have become safe routes for gold smuggling. A significant portion of the smuggled gold to India crosses these borders. BAJUS estimates

abroad, causing the government to lose remittance revenue while gold and diamond smugglers illegally transfer their funds overseas. The government must take action to curb the smuggling of nearly Tk91,250 crore during the ongoing dollar crisis. BAJUS recommended stringent actions against smugglers, including a separate government monitoring cell involving them to prevent gold and diamond smuggling. Bangladesh has become a major route for gold smug-

Most of the income of expatriate workers comes through 'hundi.' To close down 'hundi,' the exchange rate of the dollar in banking channels must be increased."

BAJUS spokesperson and executive committee member Anwar Hossain said, "If 'hundi' is to be stopped, gold smuggling must be stopped first. To achieve this, a sweeping operation to arrest those involved in gold smuggling is necessary. In addition, the misuse of the baggage rule must be stopped. It is crucial to investigate how large amounts of foreign gold and diamond jewelry enter the country, their legal sources, and whether there are any legitimate documents."

Various data and information on foreign exchange and smuggling indicate that a large number of gold bars, jewelry, and diamond-encrusted jewelry enter the country through Hazrat Shahjalal International Airport, Shah Amanat International Airport, and Sylhet Osmani International Airport. Several incidents have proven the involvement of airline employees in smuggling. Generally, after clearing customs at the airport, the workers use buses and trains to smuggle the gold to India through the Maheshpur border in Jhenaidah and Darshana border in Chuadanga. The gold smugglers bring gold bars from abroad through syndicates. ■



needs to take steps to maintain proper currency values to overcome this crisis. Dr. Fahmida Khatun, Executive Director of the Center for Policy Dialogue (CPD), said, "Expatriates are encouraged by the higher rates offered by 'hundi' compared to banks. International syndicates are involved in 'hundi,' along with local smugglers. The Bangladesh Financial Intelligence Unit (BFIU) must actively pursue them. It is not difficult for the BFIU to catch the local syndicates. The smuggling

that at least Tk250 crore worth of illegal gold jewelry, gold bars, used old jewelry (considered scrap), and diamond jewelry are smuggled into Bangladesh every day via land, sea, and air routes across the country. This amounts to approximately Tk91,250 crore or more annually, with an average of Tk220 crore worth of gold and jewelry and Tk30 crore worth of diamonds and diamond jewelry entering the country daily. Smugglers use 'hundi' to send the entire amount of money

gling, with Maheshpur in Jhenaidah and Darshana in Chuadanga being frequently used. Regular, intensive surveillance by intelligence agencies is necessary to address this situation. Many believe there is a close relationship between the gold smuggling syndicate and the ongoing dollar crisis and money laundering. M. Masrur Reaz, Chairman of Policy Exchange of Bangladesh (PEB), said, "There is no alternative to increasing remittances through legal channels.



# Exporters To Get Fresh Loans To Pay Workers' Wages

## *Business Outlook Report*

**B**angladesh Bank instructed the managing directors and chief executive officers of all banks to introduce a fresh loan facility on simple terms to the active exporters of the country to pay the workers' wages for August.

In this regard, the central bank issued a directive recently saying that due to the disruption of the business environment in the recent domestic political and global economic context, the production activities of export-oriented industries and the process of timely repatriation of export value have been hindered.

As a result, the factory's ability to pay the workers' wages and allowances has decreased. For this, it has become necessary to help various export-oriented industries continue

the export trend while maintaining productivity. As per Bangladesh Bank's guidance, the industries that export 80% of the total production will be considered export-oriented industries and will get separate loans.

Moreover, the industries that have paid the workers' wages from last May to July of this year will be considered active factories and will be verified through certificates from the concerned trade associations like the BGMEA or BKMEA. Bangladesh Bank also said that the amount of the loan facility will not be more than the average wages and allowances of the last three months of the recipient factories.

The prevailing market rate of interest will be applicable against the loan. Banks will directly pay the August wages of the workers as a bank (also with financial services or

MFS) of the concerned workers, said the central bank.

The total debt of the factories including this loan to pay the wages of the workers should be within the single loan limit. The Bangladesh Bank also instructed that the bank can collect this loan in equal installments in a maximum of one year with a grace period of three months in the form of a term loan. Earlier, the leaders of the BGMEA met Bangladesh Bank Governor Ahsan H Mansur last week and demanded a loan from the interim government on easy terms to pay one month's wages to the workers of the export-oriented garment industry.

Before that, the leaders of BGMEA made the same demand in a meeting with Finance and Commerce Adviser Salehuddin Ahmed. ■



# A Dozen Pvt, One State Petroleum Refineries Ruined



*Companies go bankrupt, around 5,000 employees rendered jobless*

## **Business Outlook Report**

**A** dozen private and one state-owned petrochemical and refinery plants in the country go bust for discriminatory treatment allegedly by some government high-ups in cahoots with a vested-interest group, sources said.

The unfair acts imperilled around Tk 20 billion (US\$150 million) worth of investment while weakening the supply

chain of petroleum products on the local market, market-insiders said.

They alleged that a strong syndicate of vested interest, led by a section of high-ups at the Ministry of Power, Energy and Mineral Resources (MPEMR), patronised only three big privately-owned fractionation plants that had made whopping gains during the immediate-past

authoritarian regime. This uneven playing field created by the administration for the trio has pushed the other players in the industry on the brink, they added.

They reported discrimination in the allocation of locally produced condensate - a major input for maintaining operations of such plants. The Energy and Mineral Resources Division (EMRD) allocated the raw material for the

trio "in exchange for bribes", they alleged. State-run Petrobangla and its subsidiary companies allocate the condensate, a by-product from gas fields, to the three biggies - Super Petrochemicals Ltd, Petromax Refinery Ltd and Aqua Refinery Ltd - as instructed by the EMRD, the insiders said.

Condensate is a low-density mixture of hydrocarbon liquids - present as gaseous components in

the raw natural gas -used as raw material to produce petroleum products like diesel, petrol and octane, kerosene etc. Condensate has been available in Bangladesh with the initiation of gas production several decades back. Of the total condensate output of 9,500 barrels per day (bpd) this year in the country, according to the EMRD, Super Petrochemicals Ltd received 2,250 bpd while Petromax Refinery Ltd 2,250 bpd and Aqua Refinery Ltd 750 bpd.

Apart from these three fortunate plants, Sylhet Gas Fields Ltd - the lone state-run fractionation plant--is getting condensate to the tune of 4,250 bpd, as per the condensate-allocation sheet inked by MPEMR joint secretary Shamima Ferdous. According to a senior Petrobangla official, who preferred not to be quoted by name, these three privileged companies got licences on condition that they will import condensate and use naphtha, a by-product of Eastern Refinery Limited, to produce refined petroleum products.

These companies do not have permission to use locally produced condensate. On the contrary, the 12 underprivileged private companies that are not getting condensate allocation for over the past several years were licensed on the basis of use of locally produced condensate to produce petroleum products. However, due to having connivance

with the vested quarter, the three 'fortunate' companies started getting allocation of locally produced condensate during 2018. "They have squeezed condensate imports drastically afterwards," said the official.

The Petrobangla chairman was not available for comment despite repeated attempts. The government has stopped condensate allocation to the

Refinery Ltd (ERL) to pave the way for making fortunes for the trio, said sources.

The ERL's plant worth Tk 1.0 billion had got only around 700 barrels of condensate per month since 2008 till early 2021 from Petrobangla to produce diesel, petrol, octane, and kerosene, a senior official of the state-run Bangladesh Petroleum Corporation (BPC) said. "The plant

sal Refinery (Pvt) Ltd, JB Refinery Ltd, Carbon Holding Ltd, Aqua Mineral Turpentine and Solvents Plants Ltd, Super Refinery (Pvt) Ltd, Lark Petroleum Company Ltd and Chowdhury Refinery Ltd, said the PRAB president.

"Apart from bankruptcy," he said, "several of these companies are also facing cases filed by different banks as they are not being able to repay their



ill-fated companies subsequently, leading to their closure, president of the Petrochemical and Refiners Association of Bangladesh (PRAB) said Md Mamun Salam.

Not only the dozen ill-fated private petrochemical and refinery plants, Petrobangla also stopped providing condensate to a state-run condensate-fractionation plant owned by Eastern

remained idle since April 2021 after suspension of condensate allocation by the EMRD," said the official.

The ill-fated plants that remained shut since 2018 are Synthetic Resin Products (pvt) Ltd, Golden Condensate Oil Refine Factory Ltd, CVO Petrochemical Refinery Ltd, PHP Petro Refinery Ltd, Rupsha Tank Terminals and Refinery Ltd, Univer-

loans. Around 5,000 employees of these companies also turned jobless." Mr Salam alleged that the state-run gas entities stopped supplying condensate 'unilaterally', and without prior notice to the companies.

The PRAB has long been requesting the EMRD to reconsider its decision and resume supplying condensate to its member-companies, he added. ■



*Ahsan H. Mansur, Governor of Bangladesh Bank*

# BB Governor Devours His Own Words

*Apu Ahmed*

**W**ithin a fortnight, Bangladesh Bank Governor Ahsan H Mansur has reneged on his own words on printing money, which is largely blamed for decade-high inflation prevailing over the past two years and the diminishing purchasing capacity of the majority of people.

## ***Tk 14,000 Crore Printed***

On August 20, the BB governor, who succeeded controversial Abdur Rauf Talukder last month in the wake of the fall of the Awami League regime spanning over 15 years, said the central bank would no longer assist weak and troubled banks by printing money. The 72-year-old seasoned economist observed that using printed money to keep struggling banks afloat would not lead to a sustainable solution to the crisis in the banking sector, which had gone worse from bad during the past regime starting in 2009. The central bank under the immediate former governor had

provided more than Tk 14,000 crore to six banks controlled by S Alam Group by generating money. Referring to the instability in the country's Sharia-based banks, Mansur held management accountable for making the banks vulnerable and ruled out any further assistance to such banks.

## ***Tk 1,000 Crore Printed Again***

However, on August 3, the BB provided around Tk 1,000 crore to the cash-strapped Export-Import Bank of Bangladesh PLC by issuance of promissory notes. The extension of the loan has been made through the exercise of a special power of the BB governor towards a bank, founded by controversial Nazrul Islam Mazumder, for 90 days at a 10.5 per cent interest rate. Without any mortgage, the extension of such loans has been made through printing money. The extension of such a loan is contrary to the current monetary policy, which has been tightened further by increasing the policy rate by 50 basis points to 9 per

cent under a decision taken on August 25. Apart from the repo rate, the highest ceiling on policy rate corridor of standing lending facility (SLF) rate has been increased by 50 basis points to 10.50 per cent while the lowest limit on standing deposit facility (SDF) rate has been raised to 7.5 per cent.

## ***Fanning The Inflation***

The extension of such loans will increase the money multiplier and only aggravate the decade-high inflation prevailing for the past two years. The overall inflation jumped to 11.66 per cent amid the food price spiral in July, which saw massive student-led demonstrations leading to the ouster of Prime Minister Sheikh Hasina on August 5. The inflation in July was higher than the average 10.9 per cent inflation calculated by the Bangladesh Bureau of Statistics 12 years ago in 2010-11, but lower than the average 12.30 per cent in 2007-08. The overall inflation in the following month in August eased but still prevailed at a



double-digit level for successive months. The Bangladesh Bureau of Statistics recorded overall inflation at 10.49 per cent in August. An economist noted that fearless disclosure by BBS officials is one of the reasons for the sudden rise in the rate of inflation by around 3.66 percentage points between July and June. Anyway, the prevailing high inflation has been diminishing the

decision since he was one of the most vocal critics of printing notes?

### ***Mazumder-Led EXIM Bank***

The decision to allow printing money to the EXIM Bank took place three days after the BB dissolved the board of the bank ending the 16-year tenure of Nazrul Islam Mazumder as chairman, a position he had held since 2007.

served as a member of the board of the same bank. By the extension of printing money, the BB will enable new management of the EXIM Bank to overcome its liquidity shortage to some extent and solve payment-related problems faced by garment factories under Nassa Group, many other garment factories linked to EXIM Bank. It should be mentioned that the Bangladesh



purchasing capacity of the majority of people as the wage rate growth is far below that of inflation.

### ***Decision Taken Earlier***

Against the backdrop of a dismal economic picture, releasing printing money was unwarranted. On September 8, the BB governor said the decision to extend the fund assistance to the EXIM Bank was taken by the predecessor. He said the decision was implemented during his tenure. Also, such a facility will not be offered to any bank anymore. Instead, the interbank loan facility to weak banks from the strong ones will be encouraged under the central bank guarantee scheme. The BB governor deserved praise for his bold decision. But he cannot hide his rush of blood by allowing the implementation of decisions taken by his controversial predecessor. Could not the current BB governor cancel the

Mazumder, a close ally of Salman F Rahman, the private industry and investment adviser to deposed Prime Minister Sheikh Hasina, and other Awami League leaders had significant influence over the banking sector. Mazumder, also the founder of Nassa Group, has been serving the private bank owners' forum, Bangladesh Association of Banks, since 2009. He was also the chairman of the Bankers Association of Bangladesh, a body representing bank owners, until his removal from EXIM Bank. Besides, the central bank removed Mazumder's wife, Nasreen Islam, from the board. On August 25, the Bangladesh Financial Intelligence Unit froze the bank accounts of Mazumder and his wife.

### ***EXIM Board Dissolved***

Nazrul Islam Swapan has been elected as the chairman of the Board of Directors of EXIM Bank. He had

Garment Manufacturers and Exporters Association has sought a Tk 1,800-1,900 crore soft loan from the interim government at a meeting with Finance Adviser Salehuddin Ahmed on August 27. The soft loan was sought to clear one month's salaries of all employees in the RMG sector.

### ***People's Interest Undermined***

A recent statement by the BB governor that the interim government will not allow any damage to any industry under the recent crackdown on plunderers and money smugglers can also be linked with the printing money that has been given to businesses through a sick bank. However, the interest of the majority of people is not served as it will fan the inflation and satisfy only a handful of businesses. ■

# BB Raises Banks' Farm Loan Target To 38,000C For FY25



## Business Outlook Report

**T**he Bangladesh Bank on September 5 raised agricultural loan disbursement target for banks by 8.75% to Tk38,000 crore for the current FY25 against the target of Tk35,000 crore for the past financial year.

The central bank Governor, Ahsan H Mansur, announced its annual agricultural and rural credit policy and program for FY25, central bank officials said. They also said that the target was set based on self-determined goals of state-owned banks and by calculating approximately 2.5% of the net

loans and advances of private and foreign banks, consistent with the country's agriculture-friendly policy. The policy may be considered as an important tool for achieving the country's economic growth and sustainable development, they said.

They said that the central bank set the farm loan release target to increase agricultural production to control inflationary pressures and achieve gross domestic product growth target. Mansur said that the farm loan policy did not reflect the current flood situation in the country. The central bank would issue separate

circulars to accommodate the flood impact. With the increased demand for farm loans, the central bank set the target for state-owned commercial and specialized banks at Tk12,615 crore and for private and foreign banks at Tk25,385 crore, the officials said. Additionally, 60% of the total target must be allocated to crops and grains, 13% to fisheries and 15% to livestock.

The Bangladesh Bank included some new crops in the agricultural loan plans. It has also included Shariah-based banks in the rural and farm loan schemes to enable them to invest in agriculture. To achieve these targets,

banks can use their own networks — branches, sub-branches, agent banking, contract farming and group lending — and the bank-MFI linkage. However, the amount of loans disbursed through the banks' own networks must not be less than 50%.

They also said that the central bank was giving the loan support to strengthen the agricultural and rural economy in the country. To ensure that unmet agricultural and rural loan targets are invested back into the agricultural sector, the Bangladesh Bank has established the 'Bangladesh Bank Agricultural Development Common Fund'.

Banks failing to meet their targets must deposit the unmet portion in this fund, where they will earn 2% interest. The funds deposited into this common fund will be disbursed to customers through banks that meet their targets, under the agricultural and rural loan policy.

Banks disbursed Tk37,154 crore in agricultural and rural loans in the past financial year, surpassing the target of Tk35,000 crore by 106.15% compared with Tk32,830 crore disbursed in the previous fiscal. ■





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# White Paper: Unveiling The Scars Of AL Regime

*Apu Ahmed*

**E**ver since the interim government decided to prepare a white paper on the overall economy, many have been guessing what it will look like. They are wondering how deeply the committee will delve into the misappropriation of public funds or mismanagement in sectors like energy, employment and external debts during the autocratic rule of the recently ousted Awami League regime.

## *Fall of AL Regime*

The concept of white paper and its practices by different countries in the past suggested that such a paper highlights the policy preference of a government before their implementation. Publishing a white paper tests public opinions on controversial policy issues and helps the government gauge its probable impacts,

according to an assessment that is followed in Canada on the white paper. So far, the steps and measures taken by the interim government that succeeded the autocratic regime, led by the Awami League, have similarities with the practice in Canada on the white paper. The AL regime spanning over 15 years came to an end when Sheikh Hasina was forced to resign as the prime minister and fled to India on August 5 in the face of a student-led mass upsurge.

## *A Clean Field Needed*

One of the members of the white paper committee has said all kinds of controversial issues of the past political regime will be highlighted in the white paper. While highlighting those, the committee will also focus on the consequences of the misdeeds and mismanagement committed by the past political regime that became

successful in lengthening its tenure by around 10 years by holding controversial and unfair elections since 2014. The committee member compares the exercise of the white paper to that of cleaning a slate full of trash. The interim government needs to address many problems left by the past political regime. Identification of those will be the main task of the white paper committee, led by Centre for Policy Dialogue distinguished fellow Dr Debapriya Bhattacharya. Besides, the committee will make recommendations so that the interim government can begin its functions on a clean field.

## *Full Committee*

Within a week after appointing the committee chief, the interim government picked up 11 members in line with the selection by the chairman. The members of the committee are Prof AK Enamul Haque, dean, Facul-

ty of Business and Economics, East West University, Ferdaus Ara Begum, chief executive officer of Business Initiative Leading Development, Imran Matin, executive director, BRAC Institute of Governance and Development at BRAC University, Kazi Iqbal, senior research fellow at Bangladesh Institute of Development Studies, M Tamim, a professor of Bangladesh University of Engineering and Technology and a former special assistant to the chief adviser (2008), Mohammad Abu Eusuf, a professor of the Department of Development Studies at the University of Dhaka, Prof Mustafizur Rahman, a distinguished fellow at Centre for Policy Dialogue, Selim Raihan, a professor at the Department of Economics of the University of Dhaka and executive director, South Asian Network on Economic Modelling (SANEM), Sharmin Neelormi, a professor at the Department of Economics at Jahangirnagar University, Tasneem Arefa Siddiqui, a former professor of the Department of Political Science at the University of Dhaka and founding chair, Refugee and Migratory Movements Research Unit, and Dr Zahid Hussain, a former lead economist at the World Bank's Dhaka office.

### Topics To Be On Focus

The committee for preparing the 'White Paper on the State of Bangladesh Economy' on August 5 sought opinions from interested citizens on 15 issues ranging from the accuracy of public statistics to youth employment. The committee wanted the participation of all so that it can prepare a complete report. Interested citizens can send their opinions to [whitepaperbd2024@gmail.com](mailto:whitepaperbd2024@gmail.com), [www.facebook.com/whitepaperbd2024](https://www.facebook.com/whitepaperbd2024) and [www.linkedin.com/company/whitepaperbd2024](https://www.linkedin.com/company/whitepaperbd2024). They can also submit their opinions in a box to be kept on the ground floor of the committee office at Block 4 at the Planning Commission at Agargaon in the capital. Opinions have been sought on the following issues: Accuracy and

dependency on government statistics, the challenge of macro-economy, review of growth in gross domestic product, inflation and its shocks, poverty, inequality and danger, internal revenue mobilisation, fixing priorities on public expenditure, the balance of foreign debt and its threshold, review of mega projects, actual picture of the banking sector, situation in the energy and power sector, business environment and private sector investment, illegal money and its smuggling, youth employment and dynamics of the labour market, overseas job market and rights of the expatriate Bangladeshi workers.

### AL Leaves Behind Tk 18.36 Lakh Crore Debts

By asking citizens to give opinions on the issues, the committee has given broad hints at the nature of the white paper. The committee will elaborate on the actual situation of the economy by discussing the issues. The press

for more than 50 per cent of the Shariah-based bank's total loan portfolio. By the end of August, Islami Bank's total loans stood at nearly Tk 1.80 lakh crore. The group secured over 50 per cent of the bank's total loans, both in their name and through anonymous accounts. Under the patronage of the ousted AL regime, the group seized full or partial control of eight banks. It withdrew close to Tk 2 lakh crore from the banking sector, primarily from eight banks under its control. These banks are First Security Islami Bank, Social Islami Bank, Union Bank, Global Islami Bank, Islami Bank Bangladesh, Al-Arafah Islami Bank, National Bank and Bangladesh Commerce Bank.

### Limitations

The scope for the committee to present every detail of the loan scams will be difficult with the timeframe of 90 days. However, the committee is expected to focus on how depositors'



*A 12-member committee, led by Dr Debapriya Bhattacharya, was formed to prepare a white paper on Bangladesh's economy*

wing of the interim government has already stated that the AL-led regime left behind Tk 18.36 lakh crore debts and the tax-GDP ratio dropped 8 per cent from 11 per cent in the past six years. Besides, the overall inflation reached almost 12 per cent and food inflation 14 per cent in July. It has been reported that controversial S Alam Group has withdrawn over Tk 90,000 crore loans from Islami Bank Bangladesh PLC alone, accounting

savings were looted by cronies of the immediate past political regime. This is the second time that a white paper on the economy will be prepared after a number of task forces prepared white papers on different sectors during the first caretaker government in 1990-91 following the ousting of HM Ershad. The main focus of the current committee is to pave the way for ensuring a clean field for the interim government. ■

# Industrial Output Growth Slows To Four-Year Low



## *Business Outlook Report*

**I**ndustrial output in Bangladesh grew at its slowest pace since the Covid-19 pandemic, hitting 6.66 percent last fiscal year owing to declining exports, import restrictions and a slowdown in domestic demand due to persistent inflation.

According to entrepreneurs and analysts, soaring gas and power prices, alongside shortages in the supply of gas to produc-

tion units, exacerbated the situation. Factory output grew 8.37 percent in FY23, according to data published by the Bangladesh Bureau of Statistics (BBS).

The data was revealed two months into the current fiscal year, which has been marred by a significant slump in industrial production amid mass protests since July. The protests, which led the government to issue nationwide curfews,

disrupted the transportation of goods and culminated in Sheikh Hasina's resignation from her post as prime minister on August 5. However, industrial establishments have been victims of arson and vandalism since, causing further production shocks.

An interim government has already been sworn in, but business activities are yet to return to normal. After recording 3.61 percent growth in FY20,

the lowest since FY97 when it stood at 6.39 percent, industrial output expectedly increased in FY21. However, it has been slowing each year since.

The industrial sector accounts for roughly 38 percent of the country's economy, which grew by 5.82 percent in FY24, the second consecutive year it fell short of 6 percent, according to BBS data. "This slow growth was not completely unexpect-



ed as the last fiscal year was entangled in economic pressures and mismanagement," said M Masrur Reaz, chairman of Policy Exchange of Bangladesh.

Import restrictions affected the arrival of raw materials and intermediate goods, which contributed to sluggish industrial growth, he added. "As a result, the production capacity of factories

Pointing to the causes of persistent inflation, he said: "The interest rate has been high for a long time. There is no focus on the supply chain. There is no focus on market manipulation. That is why it has happened."

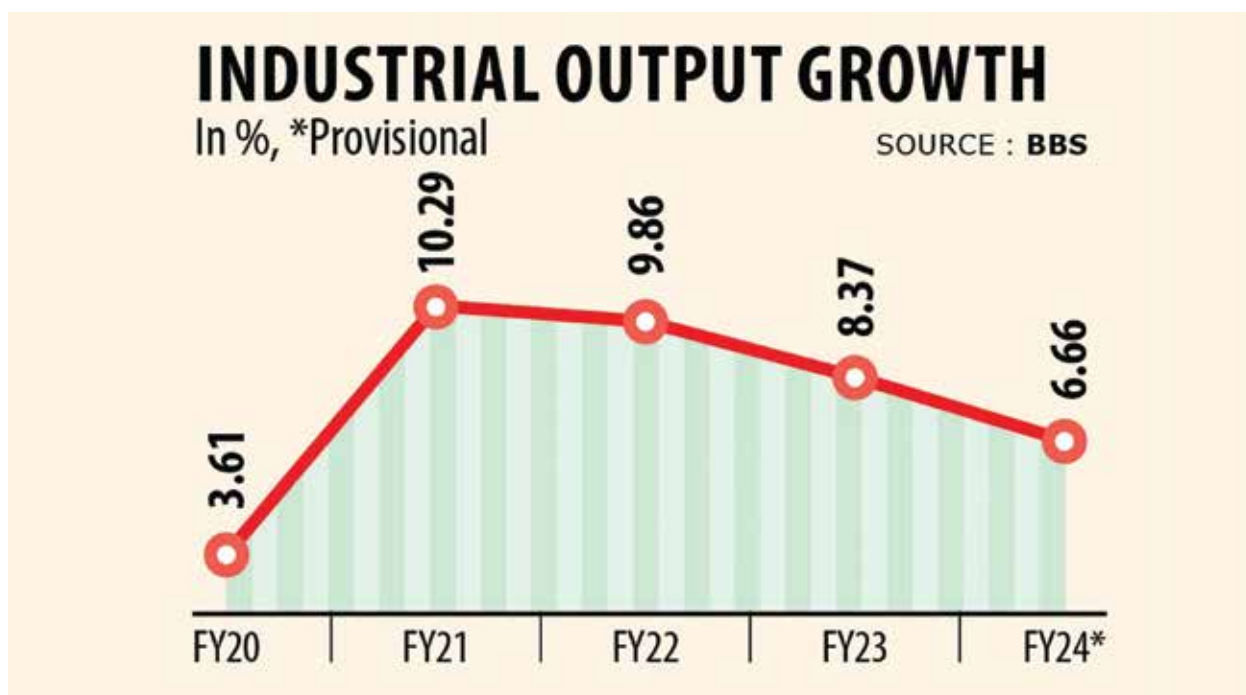
Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), blamed policy constraints

I applied for a letter of credit for over \$700,000 but banks are yet to complete the process."

Besides, policy inconsistencies are hindering entrepreneurs from making new investments or going for factory expansion, he added. Criticising the NBR's role and hoping the new NBR chairman would take proper action, Hatem said: "Some officials often

Reaz opined the interim government should focus on ensuring medium- and long-term solutions.

"First and foremost, we need an economic growth strategy which clearly identifies the role or importance of industrialisation and how Bangladesh will go about spurring or stimulating it. "That would involve necessary reforms in infrastructure, business



reduced." At the same time, domestic demand slowed due to high inflation and rising interest rates, Reaz added.

Annual inflation rose to 9.73 percent in FY24, the highest since FY12, according to the BBS. "A contractionary monetary policy was needed to address inflation. But it was unwise to fight inflation by only using the monetary policy," he said.

and the lack of a service-first mentality among bankers and public servants, including those at the National Board of Revenue (NBR), for the sluggish growth in industrial production.

"Entrepreneurs are currently in trouble as banks are not cooperating with us to import raw materials," he said. Providing an example, he said: "Around 18 days ago,

harass businessmen. They don't catch the big fish. Instead, they harass compliant taxpayers."

Reaz added that private sector credit growth had slowed due to the contractionary monetary policy, adding: "Addressing the long-term fundamental constraints in our policy environment and our economic strategies would help spur a faster rate of industrialisation."

regulatory environment, skills and technology adoption, and logistics services and logistics infrastructure," he said.

He further said efficiency must be ensured. "Even if there is infrastructure, there must be efficiency. The biggest example of this is our electricity sector." ■



The 30-day Banking Foundation Training Course for the 86th and 87th batches, organised by Agrani Bank Training Institute (ABTI) has started. Chief Executive Officer of Agrani Bank PLC Md Murshedul Kabir inaugurated the training course. ■



Pubali Bank PLC, as part of its social responsibility, has donated Tk 50 million from its own funds to the Chief Advisor's Relief Fund for flood-affected people. Mohammad Ali, Managing Director and CEO of Pubali Bank, handed over the donation cheque to Farooq E Azam, Advisor to the Ministry of Disaster Management and Relief, at his office. ■



Mutual Trust Bank (MTB) Foundation recently distributed relief materials while also have been providing financial support for hiring boats, speedboats and lifejackets for the flood victims of Feni. With the situation worsening every moment, MTB Foundation believes that this timely intervention will bring about a significant improvement in the flood-affected in the district. The relief materials were handed over by Giash Uddin Ahmed, regional head, Branch Banking Division and Samia Chowdhury, the chief executive officer. ■



IPDC Finance Limited has partnered with Enroute Foundation as implementation partner for a tree plantation drive supervised by RAJUK, as this initiative aims to enhance the city's ecological balance and promote environmental sustainability. ■



Managing Director of Janata Bank PLC Md Abdul Jabbar inaugurated a 20-day training course on 'Managers' Induction' organised by Janta Bank Staff College in Dhaka recently. Some 25 officers participated in the training course. ■



The International Division of Southeast Bank PLC has been awarded ISO 9001:2015 Certification from Bureau Veritas (Bangladesh) Pvt Ltd, a globally recognised certification body for establishing Quality Management System (QMS) in its operation. This is the first time the International Division of a Bank in Bangladesh receives ISO Certification. ■





The 880th meeting of Shahjalal Islami Bank's executive committee was held at the Corporate Head Office of the bank. Akkas Uddin Mollah, the EC chairman of the bank presided over the meeting. The committee also discussed investment. ■



With a view to expanding the range of remittance services, NRBC Bank PLC signed an agreement with Placid Express, USA, a US-based remittance company, at the bank's head office in the city. Kabir Ahmed, Deputy Managing Director of NRBC Bank, and Mohammed Rashid, Director of Placid Express, USA inked the deal on behalf of their respective organisations. ■



Midland Bank (MDB) signed a MoU with Kokomo Sunset Resort, a beautiful tourist destination located at Kapasia, Gazipur, just a 40-minutes drive from Dhaka. The resort is an enchanting blend of nature and luxury services. All MDB cardholders will enjoy 50 per cent discount on Regular Room Tariff, 10 per cent discount on lunch, dinner & breakfast and 10 per cent discount on the menu. Md. Bayazid Bin Mahfuz, head of sales and marketing of Kokomo Sunset Resort and Md. Rashed Akter, head of retail distribution division of Midland Bank, signed the MoU. ■



Probashi Kallyan Bank (PKB) and City Bank signed an agreement at the Ministry of Expatriates' Welfare and Overseas Employment. Workers, who took loans from PKB, will now be able to send remittances to the bank via City Bank. Md. Mazibur Rahman, managing director, Probashi Kallyan Bank, and Mashrur Arefin, managing director & CEO of City Bank, signed the agreement. ■



Hongkong and Shanghai Banking Corporation Limited (HSBC) Bangladesh has been awarded as the International Retail Bank of the Year for the fourth consecutive year, as well as the Best Marketing and Brand Initiative of the year for the second time in a row. ■



BRAC Bank's women banking segment, TARA, has recently organised a Digital Skill Development Workshop styled 'UddogTARA' for women entrepreneurs focused on enhancing their digital business skills. A total of 70 aspiring women entrepreneurs participated in the daylong workshop. ■





Govt employees must submit asset statements **every year**



**Committee** formed to determine wealth statement submission process



Wealth statement submission procedure to be effective within **15 days**



Advisers must also give accounts of their assets



# Govt Employees To Face Legal Action If Not Declare Assets

*Business Outlook Report*

**W**ithin the next 15 days, the government will prepare a format using which the public sector employees will have to submit their wealth statements. The authorities will take legal actions against any government employee who will not give an account of their assets, said sources. Senior Secretary of the Ministry of Public Administration Mokhesur Rahman told journalists at the secretariat on September 2 that the government employees will have to submit their wealth statements once every year either on 1 January or on 1 July, as per a decision taken on September 1.

The public administration senior secretary said a five-member committee has been convened by the secretary of the Anti-Corruption Commission to determine where and how to submit the wealth statements. The committee has one representative each from the

National Board of Revenue, Finance Division, and Comptroller and Auditor General. The additional secretary of the Discipline and Investigation Wing of the Ministry of Public Administration will be the member secretary of this committee. The public administration secretary said, “Now there are five types of forms to give an account of properties. The committee will prepare a format, so that people do not have to ask questions or have problems understanding. The committee will prepare a format within the next seven days.

“The form will be in Bengali. It will be in one page, including sections for movable properties, immovable properties and other properties. Then we will tell all the ministries and departments to submit the wealth statements to a specific person. Basically, it will be functional within the next 15 days. During this time we will deliver the forms to the offices. We will then tell them

the date by which the accounts have to be submitted.” He also said, “We will definitely tell them what will happen if the asset account is not submitted, what will be the penalty, and how action will be taken against someone who fails to declare their assets. To put it simply, if one does not submit their wealth statement, they will face the music.

“So far you have heard a lot of things like zero tolerance and other bullshit. It is useless for me to hear all this. I do not even want to say it. We have two agendas for public interest – one is the state and the other is the people. We will not hesitate to do whatever we have to do. We do not have to do any power research. We will work according to the rules, we will work with courage.” Stating that there are 15 lakh government employees in the country, the secretary said, “Earlier we thought that only the officials who pay taxes should be accounted for. However, it has been seen that there are reports

like a fourth class employee, peon or driver has Tk400 crore or Tk9 crore. That is why we have started the work, so that they can file the asset statement in a modern and updated way.”

The public administration secretary said all government employees have to give an account of their assets, even if they have zero assets. “You should be a little more careful while submitting the assets statement. You tell me if it is not the first step to

preventing corruption? It is a message. Officials will not only have to submit information on bank accounts, but also information including where they have land, and saving certificates. We think corruption will be reduced by accounting for assets.”

Asked whether the advisers of the interim government should give an account of their assets, the public administration secretary said, “From A to Z – everyone has to give a

wealth statement. Let it start with me. I have nothing but a car on loans. All those who draw government salaries must be accounted for.”

Stating that the work of preparing a fit list for deputy commissioners (DCs) is going on, the secretary said new DCs will be appointed within a week from the places (25 districts) where the DCs have been withdrawn. ■

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# Govt May Trim Budget By Tk 100,000cr



## Business Outlook Report

**T**he interim government is planning to revise the national budget for the current fiscal year urgently and cut "wasteful expenditures" in

order to alleviate the pressure on the foreign currency reserves and tame persistent inflation. A finance ministry official said last week that formal discussions in this regard may start in

September, adding that there is scope to cut the budget by more than Tk 100,000 crore. The official said that most cutbacks would relate to the annual development programme (ADP) since

there is little scope to trim the revenue budget. The official added that most ministries and divisions usually do not spend large portions of their budgetary allocations each year. The

Awami League government, which was ousted on August 5 by a mass uprising, formulated a Tk 797,000 crore budget for the current fiscal year, with an ADP size of Tk 265,000 crore.

According to finance division statistics, the national budget for FY23 was Tk 678,064 crore, of which Tk 563,921 crore was spent. Since taking charge, the interim government has been planning to take numerous measures to curb

planning ministry have already started internal exercises to identify sectors where the budget may be trimmed.

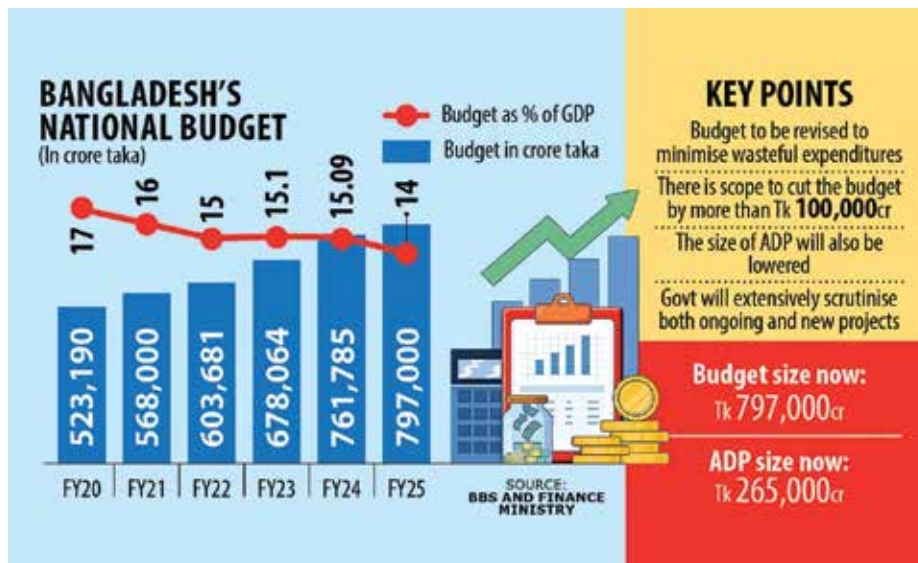
Hinting at a possible ADP revision, Planning Adviser Wahiduddin Mahmud said the interim government would extensively scrutinise both ongoing and new projects under the ADP to cut back on "wasteful" initiatives. The Planning Commission, Finance Division and Economic Relations Division will

total of 102 projects under the Ministry of Local Government, Rural Development and Co-operatives received allocations amounting to Tk 17,500 crore in the ongoing fiscal year. Of those, 30 projects are new and have not seen any expenditure till now.

Moreover, separate block allocations have been kept in the ADP for many new projects that are awaiting Ecne approval. Several planning ministry

in order to reduce inflation and bring stability to the economy. He also mentioned the scope to reduce the development budget at the time. "At this moment, indiscipline in government projects is rife. There are some projects which haven't started, some are in the middle stages and some are about to be completed," he said. He further said many projects were undertaken in different constituencies based on political considerations.

Of the new projects awaiting Ecne approval, the less important ones will be scrapped. Even ongoing projects that are not crucial will be ended regardless of whether money has been spent on those, he added. Professor Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the budget should be revised considering the existing economic challenges.



wasteful and unnecessary government expenses. The finance ministry official said the finance adviser and planning adviser both verbally asked them to be cautious about unnecessary spending.

Usually, the government revises the national budget in the second half of the fiscal year, specifically in March. However, as the interim government is planning to revise it earlier, the finance ministry and

jointly scrutinise the budget and place a report during a meeting of the Executive Committee of the National Economic Council (Ecne), Wahiduddin said on August 19.

"They have to do it in the shortest possible time," he told reporters. There are 1,326 projects under the ADP for the ongoing fiscal year, many of which were included in 2023 but have not seen any expenditure yet. For example, a

officials told this newspaper last week that there were no new activities from their end regarding projects approved under the previous government.

Although they have received verbal guidelines, no written directive has yet been issued in this regard, they said while adding that they are waiting for the next Ecne meeting. On August 19, Wahiduddin said government expenditures must be decreased



# BB Makes EDF Loans Costlier



## *Business Outlook Report*

**T**he Bangladesh Bank has made loans in dollars from the Export Development Fund more expensive by tying the interest rate to the secured overnight financing rate (SOFR), which is significantly higher than the current rate for EDF loans.

In a circular issued to banks' managing directors on September 2, the central bank announced that the new interest rate structure would come into immediate effect. Authorised dealer banks can now borrow from the EDF by adding an annual interest margin of 0.5 per cent on top of the SOFR rate.

These banks can then charge manufacturers or exporters up to

1.50 per cent above the SOFR rate. On September 2, the SOFR rate was 5.33 per cent, meaning that exporters will now face an interest rate of 6.83 per cent on EDF loans compared with the previous rate of 4.50 per cent.

Previously, the Bangladesh Bank charged a fixed 3-per cent interest rate to dealer banks for EDF funds, which the banks would lend to manufacturers and exporters at a 4.50-per cent rate. However, as the SOFR rate fluctuates daily, the interest rate on EDF loans will no longer be set.

The Bangladesh Bank and the dealer banks will now determine the rate by adding a margin over the current SOFR rate, making

EDF loans more market-based and likely more expensive. Bangladesh Bank officials said that this shift aligned the EDF's interest rates with global financial market trends.

The SOFR, which indicates the interest rate on loans, is published daily by the New York Federal Reserve at 8:00am local time. Following the global phase-out of LIBOR, Bangladesh has been using SOFR since July 2023. The EDF was initially expanded to \$7 billion to support export growth.

However, due to a severe dollar shortage, the fund's size was later reduced, and in April 2023, the Bangladesh Bank also lowered the borrowing limit from the EDF. ■

# Edible Oil Prices Rise On Global Hike



## Business Outlook Report

**L**oose and bottled soybean oil have become costlier in Bangladesh due to price hikes in the global market amid a supply shortage of the key cooking ingredient, according to traders.

The local retail price of loose and bottled soybean oil increased by about Tk 3-6 and Tk 5 per litre respectively over the past week. Importers say the global market price of soybean oil rose by \$80 to \$90 per tonne over the past month. Loose soybean oil sold at Tk 148 to Tk 158 per litre in local markets yesterday while it

was Tk 145 to Tk 152 a week ago, according to the state-run Trading Corporation of Bangladesh (TCB). As such, the price of loose soybean oil increased by 3.03 percent over the past week, the TCB data showed.

Abul Hashem, general secretary of the Bangladesh Edible Oil Wholesalers Association, said the price of soybean oil was Tk 5,700 per maund (around 37 kilogrammes) a week ago while it was Tk 5,750 on Monday. "The supply of goods in the market must be increased, or the price trend will not be downward," he added. Ali

Hossain, a wholesale trader in Chattogram's Khatunganj wholesale market, said that supply has decreased by about 25 percent to 30 percent and the booking rate has increased a lot.

Meanwhile, Mohammad Manik, a trader at the Kazir Dewri Kitchen Market in Chattogram, said the supply of bottled soybean oil of various companies has decreased. He also said the companies supplying bottled soybean oil have increased the price by Tk 5 per litre over the past couple of days. Manik said loose soybean oil sold at Tk 155 per litre in retail markets

last week. This week, the price has increased by Tk 5. Besides, palm oil is being sold at Tk 142 per kilogramme while it was Tk 138 a week ago, he added. In the April-June period of this year, the price of soybean oil in the international market was \$986 per tonne while it increased to \$1,079 in July, according to the World Bank Commodities Price data.

And although soybean oil prices decreased slightly in August, it is being sold at \$1,031 per tonne, the data showed. Taslim Shahriar, deputy general manager at the Meghna Group of Industries, said the price of



soybean oil has increased in the international market, so the price has also increased in the local market.

Soybean oil now costs \$1,030 to \$1,040 per tonne in the international market while it was \$950 to \$970 a month ago, he

added. Taslim said the price of soybean oil increased in the international market due to supply shortages.

This is because inclement weather, namely drought, is hampering production by causing fires at soybean fields in Brazil, a major

source for the key cooking ingredient. He also said the demand for biodiesel is increasing, propelling the demand for soybeans in the process.

Due to this, a gap has been created in the demand and supply of soybeans, he added. The annual

demand for edible oil in Bangladesh is 22 lakh tonnes, with 23 lakh tonnes having been imported in fiscal 2023-24, according to data of the Bangladesh Trade and Tariff Commission. ■

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## Imported Eggs From India Arrive To Dull Steep Price Hike Of Local Variety



### Business Outlook Report

**T**o curb the rising price of eggs in the domestic market, 231,000 pieces of eggs have been imported from India through the Benapole land port. This marks the first instance of eggs imported through the Benapole port from India.

Masudur Rahman, Revenue Officer of the Cargo Branch at Benapole Customs Checkpost, confirmed the development on Monday (September 9) at 10 am. He mentioned that the eggs will be released after the completion of the inspection. According to customs sources, the invoice value of the imported eggs is

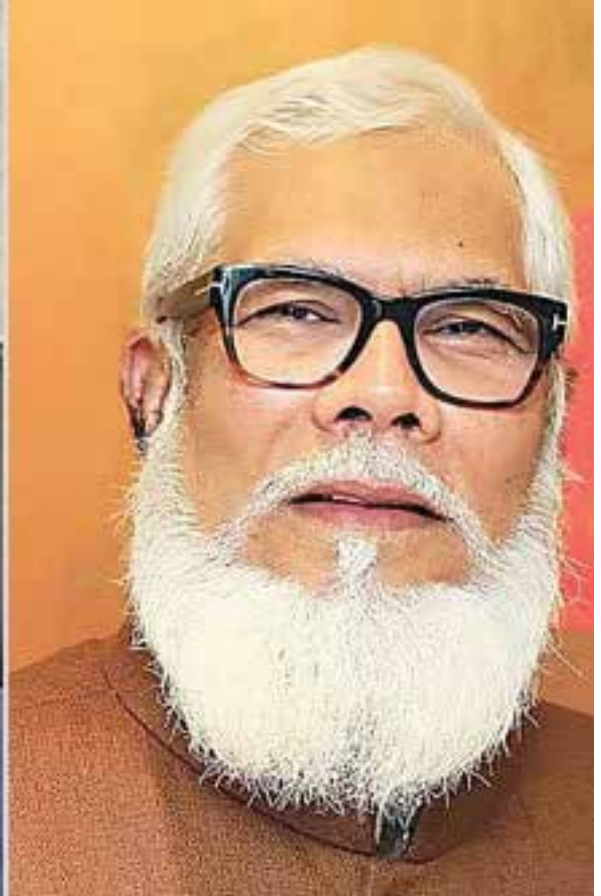
11,272 dollars. The import price per dozen eggs is 0.56 dollar, which equates to approximately TK 5 per egg. Including a 33% customs duty on the specified price per dozen, the total import cost per egg stands at Tk 7.

The importer, Hydro Land Solution based in Dhaka, facilitated the import of the eggs via Indian trucks, with the Indian exporting company being Shri Lakshmi Enterprise. On behalf of the importer, Benapole's C&F agent, Ratul Enterprise, has submitted the necessary documents to the customs house for clearance of the egg consignment. Binoy Krishna Mandal, an official from the

Livestock Department in Benapole, stated that they have received the relevant documents from the importer. He assured that the consignment would be cleared promptly following the inspection.

Othello Chowdhury, Deputy Commissioner of Benapole Customs House, noted that the consignment entered Benapole port yesterday evening. The C&F agent has submitted the required documents to the customs house for clearance today, Monday. He further stated that field officers have been instructed to expedite the clearance of the consignment. ■





## BSEC Forms Committee To Probe Stock Manipulation By S Alam, Salman F Rahman

### *Business Outlook Report*

**T**he Bangladesh Securities and Exchange Commission (BSEC) on September 9 formed a committee to look into allegations of market manipulation by Mohammed Saiful Alam and Salman F Rahman, owners of S Alam Group and Beximco Group, respectively. The probe will also cover the family members of the two influential business tycoons during the past Awami League regime.

The four-member committee, led by BSEC Director Mohammad Abul Hasan, has been instructed to submit the inquiry report within the next 60 days. The BSEC order in this regard referred to a news report that mentioned Salman F Rahman as a loan defaulter in the 1980s. His

name also came up in the 1996 share market scam. After the Awami League came to power in 2009, Salman reportedly had his name cleared from the defaulter list through "special privileges". He was an adviser to the former prime minister Sheikh Hasina. An earlier market investigation committee, led by former Bangladesh Bank deputy governor Khondkar Ibrahim Khaled, mentioned Salman's involvement in exerting control even over the stock regulator.

The BSEC also cited the same news report in noting that Chatto-gram-based S Alam Group took over Islami Bank Bangladesh in 2017 through a political decision. After gaining control, the group reportedly secured loans amounting

to Tk 50,000 crore, which constitutes one-third of the bank's total loan portfolio, the report said. According to media reports, Salman's past in GMG Airlines is a "textbook case of manipulation". GMG's financial condition had been deteriorating since starting operations in 1998, accumulating a loss of Tk 42 crore until 2006. In 2007, it made a trivial annual profit of Tk 1 crore.

Then it got a fillip, with Beximco buying half of the equity stake in GMG in 2009, and things started looking up since. The profit of GMG jumped to Tk 79 crore in 2010 without any discernible reason. The airline showed a golden dream to the public by offering Tk 300 crore in a private sale at a 400

percent premium with the promise that it would soon be traded on the stock market. New planes would be bought and GMG would fly to new skies.

Salman is also accused of ruining the debenture market by not repaying funds within the stipulated time. The bond market was also under the influence of the businessman. In 2021, Beximco issued the country's largest sukuk through which it

raised Tk 3,000 crore. Salman allegedly used his political leverage for the bond sales. No banks and non-banks were interested in subscribing to the bonds.

He pressurised institutional investors to park money in his company's Shariah-compliant bond-like instrument sukuk, with some banks hesitatingly investing a low amount. The stock regulator extended the subscription time at least twice.

Salman went as far as to "force" the Bangladesh Bank to change rules so that banks could invest in sukuk by borrowing funds from a scheme designed only for the stock market, not for Shariah-compliant bonds.

His company has never admitted any wrongdoings, but people familiar with the issue say the central bank was forced to issue a circular allowing the banks to invest borrowed funds in the sukuk. ■

## Chinese Exports Top Forecasts But Imports Slow Sharply



China's exports jumped in August but imports fell well short of expectations, data showed on September 10, as the country's leaders struggle to boost consumption in the world's second-largest economy.

Overseas shipments expanded 8.7 percent on-year last month, according to China's General Administration of Customs, picking up speed from 7.0 growth in July. The reading was also much better than the 6.6 percent forecast in a

Bloomberg survey of analysts. The figures will provide a little encouragement to leaders, who have this year sought to counteract an array of headwinds that have dragged on growth, which has led to sluggish spending, with consumers reluctant to make large purchases.

However, imports in August grew just 0.5 percent, a massive drop from the 7.2 percent enjoyed the month before and much lower than the 2.5 percent estimated in

the Bloomberg survey. The data comes a day after news that consumer inflation picked up last month to a six-month high but still came up short of expectations, leaving many worried the economy could slip back into deflation.

"China's economy continues to show diverging trends with weak domestic demand and strong export competitiveness, both reflecting the domestic deflationary pressure," Zhang Zhiwei, President and Chief Economist at

Pinpoint Asset Management, said in a note. "The question is how long exports can stay strong given the weakening US economy and the rising trade tension," Zhang added.

China has charted an uneven economic trajectory since the abrupt cancelling of strict counter-pandemic measures in late 2022.

Its rapid economic development in recent decades has been propelled in part by booming exports, supported by a colossal factory sector.

However, a closely watched report last week showed manufacturing activity shrank last month at its fastest pace since February.

Leaders in Beijing are targeting five percent expansion in 2024 but that is considered ambitious by many economists. Second-quarter growth stood at 4.7 percent, missing expectations. ■





# What Investors Want As New BSEC Chief Takes Over

## *Business Outlook Report*

**S**tock investors and analysts are hoping for the Bangladesh Securities and Exchange Commission (BSEC), led by its new Chairman Khondoker Rashed Maqsood, to focus on its prime tasks of proper monitoring and ensuring good governance in the share market.

These duties were neglected over the past 15 years or so, for which the regulator now has to lay emphasis on protecting investors by ending price manipulation and ensuring that all intermediaries play their due roles, they said. These require, among others, changes to the current book building method, which seeks bids

from institutional investors to determine the price at which to sell shares in initial public offerings (IPOs). The method stipulates that the bidders use very conservative calculations, for which the prices are failing to be lucrative enough to pique the interests of companies with good performance records to get listed in the first place.

The commission also does not need to worry about the index as it will automatically turn vibrant if it fulfils its basic tasks, according to the stock investors and analysts. The past chairmen of the commission were fixated on getting the index to rise, for which the market was sometimes not

allowed to run its course due to repeated intervention, they said. In the process, the regulator had imposed floor prices, directed brokers and asset managers to invest and even turned a blind eye to price manipulations. This ultimately prompted institutional and foreign investors to withdraw to the sidelines and the market subsequently became a haven for manipulators, they added.

By standard and definition, this cannot be a good stock market as it only has 80 to 90 investable stocks at best, said Saiful Islam, president of DSE Brokers Association. Besides, considering the size of the economy, the stock market is small and

plagued with manipulation. If changes do not come about, high-net-worth individuals and foreign investors will never be interested to get involved in the market.

The regulator can sit with market intermediaries to identify problems in drawing in good companies, which will be able to create reasonable yields. If merchant banks can bring good stocks, investors will come on their own, he added. Islam, also a director of BRAC EPL Stock Brokerage, further said there should be easy "entry and exit" regulations for the companies. There are many listed companies that are being traded at the stock



exchanges, but their factories are not in operation. "So, in a way, this [the stock market] is a casino," he lamented.

The regulator should delist them forcefully, Islam said, adding that there is no logic for allowing these types of stocks to remain in the market. If the stock market index remains low even after the BSEC enhances good governance, institutional investors will still be happy to invest, he added.

Asif Khan, president of the CFA Society Bangladesh, thanked the new commission for undertaking an investigation into allegations of the involvement of its officials in corruption and price manipulation.

This will help prevent the recurrence of such malpractices and the BSEC from deviating from its primary objectives, he said. Khan also said the BSEC should not take on the role of stock

exchanges and brokers to bring investors to the market, rather it should ensure that the latter abide by rules and regulations in getting good companies listed through IPOs.

To bring in good companies, the BSEC should revise the book building method. If good companies cannot get good prices in IPOs, they will not come to the market, Khan added. Khan informed that the conservative calculation method

was introduced in 2021 to prevent IPOs from having inflated prices, but it also hurt investors. The regulator should ensure that floor prices are never imposed as it spoils the market's natural flow, he said.

If investors get any hint that this system will be imposed again, they will not invest in the market, added Khan, who is also chairman of EDGE AMC Limited. ■

## Will Promote Inward Investments, Help Shape Economic Reform Agenda: Lutfey Siddiqi



Chief Adviser's Special Envoy for International Affairs Lutfey Siddiqi on Monday said he would work to foster inward investments, nurture a programme of relationships with foreign investors, and help shape the interim government's economic reform agenda.

"I look forward to engaging with a lot of people in the next few weeks to listen to their views [over

these issues] and brainstorm some ideas," he said upon his arrival in Dhaka from abroad.

Beyond economic diplomacy with the private sector and in economic forums, Lutfey Siddiqi said he would also be speaking to the government advisers to see if he can assist with any of their priorities by utilising his international network. "It's wonderful to be part of the

team and have the opportunity to play mid-fielder, striker or defender when it comes to international affairs, depending on what the team needs at any point in time," he said.

He said he is grateful for the warm welcome from everyone from all walks of life – including on social media – and their enthusiasm to work together in the spirit of forward-looking positivity, inclusivity

and delivery. On 4 September, the interim government appointed Siddiqi as chief adviser's special envoy for international affairs.

Siddiqi is an adjunct professor at National University of Singapore and a visiting professor-in-practice at the London School of Economics.

He was previously the global head of emerging markets for forex, rates and credit issues at UBS Investment bank and a Managing Director at Barclays bank.

He was recognised as a Young Global Leader by the World Economic Forum in 2012 where he has served on councils and steering groups on capital markets, infrastructure investment, inclusive growth and global risks. ■

## WEEKLY SELECTED ECONOMIC INDICATORS

Chief Economist's Unit  
(Policy Support Wing)  
12 September 2024

	11 September 2023	30 June 2024	29 August 2024 <sup>R</sup>	11 September 2024
1. <b>Foreign Exchange Reserve</b> (in million US\$)	27624.26	26714.20	25566.89	24504.39
	11 September 2023	30 June 2024	29 August 2024	11 September 2024
2. <b>Interbank Taka-USD Exchange Rate</b> (average)	110.0000	118.0000	120.0000	120.0000
	11 September 2023	30 June 2024	29 August 2024	11 September 2024
3. <b>Overnight Call Money Rate</b>	6.32	9.01	9.09	9.01
	11 September 2023	30 June 2024	11 September 2024	Percentage change
				11 Sep 24 over Jun 24
4. <b>Broad/Overall Share Price Index</b>				
a) Dhaka Stock Exchange (DSE) <sup>@</sup>	6283.86	5328.40	5713.96	7.24
b) Chittagong Stock Exchange (CSE)	18590.96	15066.82	16161.97	7.27
	August, 2023	July-August, FY24	August, 2024 <sup>P</sup>	July-August, FY24 <sup>P</sup>
5. a) <b>Wage Earners' Remittances</b> (in million US\$)	1599.45	3572.60	2215.88	4129.65
b) Annual Percentage Change	-21.48	-13.56	38.54	15.59
	June, 2023	FY23	June, 2024 <sup>P</sup>	FY24 <sup>P</sup>
6. a) <b>Import (c&amp;f)</b> (in million US\$)	5096.60	75061.60	5988.10	66725.10
b) Annual Percentage Change		FY23	17.49	-11.11
	June, 2023	FY23	June, 2024 <sup>P</sup>	FY23
a) <b>Import (f.o.b)</b> (in million US\$)	4860.00	70748.00	5675.00	63242.00
b) Annual Percentage Change		FY23	16.77	-10.61
	June, 2023	FY23	June, 2024 <sup>P</sup>	FY23
7. a) <b>Export (f.o.b)</b> (in million US\$)	3678.00	43364.00	3465.00	40810.00
b) Annual Percentage Change		FY23	-5.79	-5.89
	June, 2023	FY23	June, 2024 <sup>P</sup>	FY23
8. <b>Current Account Balance</b> (in million US\$)				
	May, 2023	July-May, FY23	May, 2024 <sup>P</sup>	July-May, FY24 <sup>P</sup>
	-11633.0	282416.80	-6512.0	-11633.0
9. a) <b>Tax Revenue</b> (NBR) (BDT in crore)	32122.16	282416.80	35001.98	324378.20
b) Annual Percentage Change	28.65	9.22	8.97	14.86
	June, 2023	FY23	June, 2024 <sup>P</sup>	FY24 <sup>P</sup>
10. <b>Investment in National Savings Certificates</b> (BDT in crore)				
a) Net sale	-267.23	-3295.93	-3381.43	-21124.38
b) Total Outstanding	360705.04	360705.04	346269.05	346269.05
	July, 2023	June, 2024 <sup>R</sup>	July, 2024 <sup>P</sup>	Percentage change
				July 24 over July 23
11. a) <b>Reserve Money</b> (RM) (BDT in crore)	365659.60	413644.60	389317.10	6.47
b) <b>Broad Money</b> (M2) (BDT in crore)	1874249.70	2033231.60	2026224.60	8.11
	July, 2023	June, 2024 <sup>R</sup>	July, 2024 <sup>P</sup>	Percentage change
				July 24 over Jun 24
				July 23 over Jun 23
				FY23
				10.49
				10.48

12.	Total Domestic Credit (BDT in crore) a) Net Credit to the Govt. Sector b) Credit to the Other Public Sector c) Credit to the Private Sector	July-August FY24		July-August FY25 <sup>P</sup>		Percentage change					
		Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	July, 2024 <sup>#</sup>	August, 2024 <sup>#</sup>
		1920170.10	2115535.70	2123440.70	10.59	0.37	-0.34	15.25			
		389687.30	424877.10	437588.40	12.29	2.99	0.60	36.72			
		45037.40	49419.10	49936.60	10.88	1.05	-0.28	21.41			
		1485445.40	1641239.50	1635915.70	10.13	-0.32	-0.59	10.58			
13.	L/C Opening and Settlement (in million US\$)										
	a) Consumer Goods	935.74	1237.23	836.42	-4.76	-32.40		-13.56			
	b) Capital Machinery	507.31	505.51	337.83	-43.71	-33.17		-23.86			
	c) Intermediate Goods	815.64	890.23	695.93	-9.81	-21.83		-12.00			
	d) Petroleum	1954.55	1662.67	1327.80	-36.20	-20.14		-5.02			
	e) Industrial Raw Materials	3557.14	3827.92	3654.38	1.50	-4.53		-15.90			
	f) Others	3745.21	3774.30	3489.63	-13.12	-7.54		5.80			
	<b>Total</b>	<b>11515.59</b>	<b>11897.86</b>	<b>10023.67</b>	<b>-12.96</b>	<b>-13.08</b>		<b>-8.29</b>			
	<b>Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)</b>	December, 2022	June, 2023 <sup>#</sup>	December, 2023 <sup>#</sup>	April, 2024 <sup>#</sup>	May, 2024 <sup>#</sup>	June, 2024 <sup>#</sup>	July, 2024 <sup>#</sup>	August, 2024 <sup>#</sup>		
14.	a) Twelve Month Average Basis	7.70	9.02	9.48	9.73	9.73	9.73	9.90	9.95		
	b) Point to Point Basis	8.71	9.74	9.41	9.74	9.89	9.72	11.66	10.49		
	<b>Corresponding Period</b>	December, 2021	June, 2022	December, 2022	April, 2023	May, 2023	June, 2023	July, 2023	August, 2023		
	a) Twelve Month Average Basis	5.55	6.15	7.70	8.64	8.84	9.02	9.90	9.24		
	b) Point to Point Basis	6.05	7.56	8.71	9.24	9.94	9.74	9.69	9.92		
	<b>Classified Loan</b>	June, 2021	December, 2021	June, 2022	June, 2023	September, 2023	December, 2023	March, 2024	June, 2024		
15.	a) % of Classified Loan on Total Outstanding	8.18	7.93	8.96	10.11	9.93	9.00	11.11	12.56		
	b) % of Net Classified Loan on Net Outstanding	-0.47	-0.43	0.49	1.58	1.22	0.59	2.44	3.68		
	<b>Agricultural and Non-farm Rural Credit (BDT in crore)</b>	June, 23	July, 23	July, FY24	July, 24 <sup>P</sup>	July, FY25 <sup>P</sup>	FY24 <sup>P</sup>	FY23	FY22		
16.	a) Disbursement**	3532.09	1991.27	1991.27	1790.71	1790.71	37153.90	32829.89	28834.21		
	b) Recovery	2909.36	2710.32	2710.32	3196.01	2533.79	35571.62	33010.09	27463.41		
	c) Outstanding	52704.45	52361.91	52361.91	58119.59	56894.54	58119.59	52704.45	49802.28		
17.	<b>SME Loan (BDT in crore)</b>	Jul-Sept, FY23	Oct-Dec, FY23	Jan-Mar, FY23	Jul-Sept, FY24 <sup>P</sup>	Oct-Dec, FY24 <sup>P</sup>	Jan-Mar, FY24 <sup>P</sup>	FY23	FY22		
	a) Disbursement	51676.81	60611.61	49068.40	52654.90	64841.99	53107.48	224103.87	207395.04		
	b) Outstanding	273906.60	282896.54	283236.32	298339.27	304241.45	303970.10	295842.02	283236.32		
	<b>Industrial Term Loan (BDT in crore)</b>	Jul-Sept, FY23	Oct-Dec, FY23	Jan-Mar, FY23 <sup>P</sup>	Jul-Sept, FY24 <sup>P</sup>	Oct-Dec, FY24 <sup>P</sup>	Jan-Mar, FY24 <sup>P</sup>	FY23	FY22		
18.	a) Disbursement	18562.45	29574.55	20907.66	26127.36	33763.22	22015.37	95172.03	72360.96		
	b) Recovery	20610.17	50593.69	17899.35	22712.86	25062.93	23468.00	106393.23	64862.58		
	c) Outstanding	328742.50	360051.14	383075.76	399693.22	433807.76	428079.27	395317.82	320410.22		
19.	<b>GDP Growth Rate (in percent, Base: 2015-16)</b>	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY24 <sup>P</sup>		
		7.27	6.59	7.32	7.88	3.45	6.94	7.10	5.78		



**Weekly basis commodity Statement of LCs Opened and Settleed for the month of August/2022**

In million US \$(Provisional)

Sl. No.	Name Of The Commodity	First week		Second week			Third week		Fourth week		Fifth week		Total	
		Opened	Settled	Opened	Settled	Opened	Settled	Opened	Settled	Opened	Settled	Opened	Settled	
1.	Rice	6.54	2.75	6.74	6.05	16.40	4.26	8.36	3.21	4.98	0.51	43.03	16.78	
	i) Private Sector	6.52	2.75	6.74	6.05	16.37	4.26	8.36	3.21	4.98	0.51	42.97	16.78	
	ii) Public Sector	0.02	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.06	0.00	
2.	Wheat	35.70	11.42	0.91	12.04	0.68	6.45	18.73	10.57	119.26	3.62	175.29	44.10	
	i) Private Sector	13.28	11.42	0.91	12.04	0.68	6.45	18.73	10.57	119.26	3.62	152.87	44.10	
	ii) Public Sector	22.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.42	0.00	
3.	Sugar	3.36	10.09	0.07	10.78	0.02	5.27	2.53	24.36	0.04	10.33	6.02	60.83	
	a. Raw	0.00	5.09	0.04	5.78	0.02	5.27	2.53	14.36	0.00	10.28	2.59	40.78	
	i) Private Sector	0.00	5.09	0.04	5.73	0.02	5.27	0.00	14.36	0.00	10.28	0.06	40.73	
	ii) Public Sector	0.00	0.00	0.00	0.06	0.00	0.00	2.53	0.00	0.00	0.00	2.53	0.06	
	b. Refined	3.36	5.00	0.03	5.00	0.00	0.00	0.00	10.00	0.04	0.06	3.43	20.04	
	i) Private Sector	0.00	5.00	0.00	5.00	0.00	0.00	0.00	9.98	0.04	0.06	0.04	20.03	
	ii) Public Sector	3.36	0.00	0.03	0.00	0.00	0.00	0.00	0.02	0.00	0.00	3.39	0.02	
4.	Milk Food	10.02	10.82	3.15	6.34	1.93	1.75	4.01	8.15	0.09	0.53	19.21	27.60	
5.	Edible Oil (Refined)	47.55	36.81	49.28	51.78	91.38	46.41	57.07	17.37	0.00	4.03	245.29	156.40	
	a) Soyabean	2.93	18.50	14.18	0.00	4.81	2.49	0.00	8.66	0.00	0.00	21.92	29.65	
	b) Palm Oil	4.77	13.76	0.01	28.85	19.57	16.25	57.07	4.86	0.00	4.03	81.42	67.75	
	c) Others	39.85	4.55	35.09	22.93	67.00	27.67	0.00	3.85	0.00	0.00	141.95	59.00	
6.	Edible Oil (Crude)	39.50	40.14	9.36	15.78	44.59	54.37	51.72	23.16	0.01	17.45	145.17	150.91	
	a) Soyabean	10.23	13.30	6.52	10.69	17.56	45.18	21.30	22.74	0.00	11.50	55.60	103.41	
	b) Palm Oil	0.00	0.00	0.00	5.10	0.00	9.17	30.40	0.37	0.00	0.00	30.40	14.63	
	c) Others	29.27	26.84	2.84	0.00	27.04	0.02	0.02	0.05	0.01	5.95	59.17	32.86	
7.	Dry Fruits	0.60	0.32	0.32	0.52	0.41	0.14	0.57	0.24	0.07	0.03	1.97	1.25	
	a) Dates	0.09	0.06	0.11	0.29	0.22	0.03	0.40	0.06	0.04	0.01	0.86	0.45	
	b) Others	0.50	0.26	0.21	0.24	0.19	0.10	0.17	0.18	0.03	0.03	1.10	0.80	
8.	Pulses	0.57	0.82	1.27	0.71	1.06	15.39	8.53	7.58	2.06	2.56	13.49	27.05	
	a) Masur Dal	0.44	0.70	1.14	0.71	1.01	15.06	8.43	7.14	2.02	0.58	13.03	24.19	
	b) Chola Dal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	c) Others	0.12	0.12	0.13	0.00	0.06	0.32	0.10	0.43	0.04	1.98	0.46	2.86	
9.	Onion	3.46	3.32	3.30	3.86	2.78	2.19	3.44	3.55	0.87	0.65	13.85	13.58	
10.	Ginger	0.16	0.44	0.64	0.51	0.26	0.21	0.18	0.50	0.03	0.07	1.27	1.73	
11.	Drugs & Medicines	2.48	1.72	1.03	2.37	0.20	1.62	1.22	0.81	2.07	0.12	7.01	6.63	
12.	Poultry Feeds	7.98	17.10	2.67	22.62	4.17	3.44	3.06	17.58	2.51	3.41	20.38	64.15	
13.	Coal	14.98	2.96	13.32	0.59	8.39	0.16	0.45	0.28	0.11	0.21	37.25	4.19	
14.	Cement	2.73	4.39	4.33	0.53	1.07	4.29	2.40	4.86	0.00	1.31	10.53	15.38	
15.	Clinker	15.81	8.51	24.36	12.69	20.46	4.70	20.95	19.74	2.33	6.72	83.90	52.36	
16.	B.P Sheet	2.64	1.11	3.42	1.41	0.29	0.81	0.92	0.57	0.70	0.35	7.98	4.25	
17.	Scrap Vessels	12.06	8.88	22.93	2.72	0.00	3.31	1.66	6.09	0.00	11.82	36.66	32.82	
18.	Paper	2.11	2.68	1.16	2.31	0.86	2.96	0.83	3.71	0.29	0.93	5.24	12.60	
	i) Newsprint	0.01	0.24	0.00	0.09	0.54	0.15	0.00	0.06	0.00	0.00	0.55	0.55	
	ii) Others	2.10	2.44	1.16	2.22	0.32	2.81	0.83	3.65	0.29	0.93	4.69	12.05	
19.	Zinc Ingot	0.61	0.79	1.91	4.89	0.00	2.11	5.75	0.95	1.85	0.08	10.13	8.83	
20.	Raw Cotton	38.87	70.33	42.74	65.53	27.12	63.07	33.07	74.82	6.44	22.88	148.24	296.63	
21.	Synthetic/Mixed Yarn	21.65	24.52	13.22	26.10	17.13	20.06	12.57	22.86	3.38	6.47	67.95	100.00	
22.	Cotton Yarn	27.29	50.04	29.08	53.21	22.55	42.60	27.32	52.75	7.26	12.68	113.49	211.29	
23.	Textile Fabrics	25.43	18.18	23.03	19.82	15.03	16.66	16.59	23.26	1.53	4.19	81.62	82.12	
24.	Textile Accessories	18.41	21.01	17.34	16.99	10.97	15.95	22.04	22.73	5.72	8.80	74.47	85.48	
25.	Back-to-Back L/Cs	171.73	155.03	131.06	160.80	80.92	117.43	125.50	185.55	18.89	48.03	528.10	666.85	
	a. Fabrics	124.44	108.31	89.84	110.88	55.79	81.34	92.85	132.42	11.86	35.42	374.78	468.38	
	b. Accessories	42.05	42.33	38.36	42.70	22.42	33.74	31.09	49.26	6.71	11.38	140.64	179.41	
	c. Others	5.23	4.39	2.86	7.22	2.71	2.35	1.56	3.87	0.32	1.23	12.68	19.06	
26.	Pharmaceutical Raw Materials	19.59	17.20	12.10	12.53	11.21	13.11	14.78	18.77	1.99	3.77	59.67	65.37	
27.	Chemicals & Chemical Products	65.36	22.53	78.18	109.53	34.82	54.94	19.88	198.75	3.89	18.13	202.12	403.88	
	a. Chemical Fertilizer	39.74	6.19	20.47	88.18	23.53	40.30	3.22	179.42	0.48	3.46	87.43	317.55	
	i) Urea	33.85	0.21	0.63	0.05	1.40	0.93	0.38	0.13	0.00	0.00	36.26	1.33	
	ii) TSP	0.27	0.03	14.14	30.46	0.00	0.00	0.00	28.97	0.00	0.00	14.41	59.46	
	iii) MOP	0.00	0.00	0.00	0.04	20.70	29.02	0.04	57.71	0.00	0.11	20.74	86.87	
	iv) DAP	2.78	0.62	3.18	50.82	0.09	0.25	0.08	88.78	0.00	0.00	6.13	140.47	
	v) Others	2.84	5.33	2.52	6.82	1.34	10.09	2.72	3.84	0.48	3.36	9.89	29.43	
	b. Other Chemicals & Chemical Product	25.62	16.34	57.71	21.35	11.28	14.65	16.66	19.33	3.41	14.66	114.69	86.33	
28.	P.O.L.	53.95	62.39	48.86	216.24	48.89	49.31	46.46	104.75	44.78	0.00	242.95	432.69	
	i) Crude	2.50	0.09	0.04	0.00	0.01	0.12	0.06	0.20	0.00	0.00	2.62	0.41	
	ii) Refined	51.45	62.30	48.81	216.24	48.88	49.19	46.40	104.55	44.78	0.00	240.33	432.28	
29.	Capital Machinery	39.67	60.15	30.44	72.01	18.97	58.71	54.02	62.79	6.14	12.98	149.24	275.64	
30.	Machinery For Mize Industries	40.80	38.27	36.40	26.25	33.05	46.50	40.34	48.12	10.81	12.19	161.40	171.34	
31.	Motor Vehicle	9.83	15.82	4.24	16.59	1.19	7.30	7.55	9.67	1.18	4.16	23.99	53.54	
32.	Computer, Its Accessories & Spares	4.49	4.33	1.11	5.08	3.04	5.07	3.14	2.92	0.06	0.90	11.85	18.29	
33.	Medical, Surgical & Dental Equipments	1.62	2.12	2.18	2.20	1.07	2.10	2.28	3.90	0.77	0.57	7.92	10.90	
34.	Others	391.39	369.18	331.13	427.49	255.00	403.68	326.46	452.04	76.18	150.14	1380.15	1802.54	
	<b>Grand Total</b>	<b>1138.93</b>	<b>1096.19</b>	<b>951.28</b>	<b>1388.85</b>	<b>775.92</b>	<b>1076.34</b>	<b>944.39</b>	<b>1436.97</b>	<b>326.30</b>	<b>379.63</b>	<b>4136.82</b>	<b>5377.98</b>	

Data downloaded: on 31.08.22

# ACC Probes Graft Allegations Against Shibli, Eight Others



## Business Outlook Report

**T**he Anti-Corruption Commission (ACC) recently began a formal inquiry into the alleged corruption of former chief of the Bangladesh Securities and Exchange Commission (BSEC) Professor Shibli Rubayat-Ul Islam and eight of its other officials.

They allegedly accumulated wealth of around Tk 1,000 crore by abusing their power. The eight officials are former BSEC commissioner Shaikh Shamsuddin Ahmed, current executive directors Md Mahbul Alam, Md Saifur Rahman and Mohammad Rezaul

Karim, directors Sheikh Mahbul Ur Rahman and Mohammad Mahmoodul Hoque, Additional Director SK Md Lutful Kabir and Joint Director Md Rashidul Alam. By forgery and cheating, Shibli Rubayat-Ul Islam and the officials allegedly accumulated Tk 1,000 crore in assets at home and abroad, including the United Arab Emirates, Singapore, the United Kingdom, the United States and Canada.

The assets were registered in their names and the names of others, according to ACC sources. The anti-graft watchdog has tasked its anti-money laundering wing to carry

out the investigation, according to the investigation order. The Daily Star attempted to contact Shibli for comment, but his phone was switched off. Besides, former BSEC commissioner Shaikh Shamsuddin Ahmed did not receive phone calls for a comment.

According to a report by global investigative reporting platform Organized Crime and Corruption Reporting Project, Shibli allegedly received payments from a bank account linked to a multi-million-dollar fraud. At the heart of the accusations was a convicted scammer, Javeed Matin, whom Islam had

met at university and had been friends with for two decades, the report said. It added that throughout much of 2020, Matin helped launder the proceeds of a scheme that defrauded a Hong Kong-based supply chain and sourcing company, Ming Global Limited, out of more than \$13 million.

Under the pretence of an investment, these funds were sent to two accounts held by a US company, Monarch Holdings Inc, which then wired over \$800,000 to Shibli's personal account and to the accounts of a Bangladeshi company he appeared to be behind. ■

# Bank Deposits Grow As Money Is Coming Back



## Business Outlook Report

**D**eposits in banks are increasing and money outside the banking sector has decreased by Tk 45,000 crore in recent times, reflecting growing confidence in the banking sector, Bangladesh Bank (BB) Governor Ahsan H Mansur said.

"The good thing is that some money is coming back [into the banking sector]. Now we can assure customers that they will get their money back," he said at a roundtable, titled "Current Business Challenges and the Way Forward", organised by The Daily Star at its office on September 10. He made the comments in response to top bankers expressing concerns about the challenge of restoring people's confi-

dence in the banking sector, which was plagued by irregularities and build-up of toxic loans in the face of weak governance during the 15-year tenure of the Sheikh Hasina-led Awami League government. Mansur, a former economist at the International Monetary Fund (IMF), took charge of the central bank in mid-August after former governor Abdur Rouf Talukder resigned following the previous government's ouster on August 5.

Since then, the new central bank governor has taken several steps, including reconstituting the boards of 11 banks, six of which were controlled by the controversial S Alam Group, as part of efforts to restore discipline to the beleaguered sector and win back the people's

trust. Around Tk 290,000 crore is outside the banking sector at present, which would go a long way to improving the situation of cash-strapped banks. Mashrur Arefin, managing director of City Bank PLC, said liquidity shortages are among the major problems affecting the banking sector at present.

He said that money outside banks amounted to Tk 184,000 crore in 2021, adding that the recent spike means that people have lost confidence in the banking system. "This is not helping us," he lamented. Central bank data showed that currency outside banks stood at Tk 290,436 crore till June this year, down from Tk 291,913 crore a year ago. Currency outside banks was at



Tk 236,448 crore till June of 2022 and Tk 209,517 crore in 2021. Ali Reza Iftakhar, managing director of Eastern Bank PLC, requested the governor to force troubled banks to go for the issuance of right shares since they do not have any money. "For instance, a cheque worth Tk 5 lakh bounced at a bank," he said without naming the bank.

We want to operate in the interbank market with a guarantee from the central bank but if they default then we will have to go to the central bank to encash the guarantee, he pointed out. "Those ailing banks need to generate cash."

The banker urged the interim government to revisit the Bank Companies Act, which was amended earlier this year, and also said the central bank's definition of business groups needs to be revisited. Selim RF Hussain, managing director of

BRAC Bank, said there is a black economy in our country. Hussain, also the chairman of the Association of Bankers, Bangladesh (ABB), added that all processes had been digitalised in neighbouring India. As such, he suggested full digitalisation of the central bank. To reduce rent-seeking and raise government revenues, he added that the revenue administration should also be digitalised.

Hussain also emphasised the need to tackle the hundi system, which is an informal way of transferring money from one country to another. He said around 60 percent of remittances come through the informal system.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the regulatory body was not empowered under the previous government. He added that the regulator often patronised defaulters

that had wreaked havoc on the system. "In 2017, we saw banks being taken over illegally," the senior banker said, adding that they want to see the central bank properly fulfil its role as a regulator. To this end, strengthening the central bank is vital, he added. "We have seen that some banks have been supported with cash. That should not happen," Mahbubur added.

However, Mansur said the central bank is not injecting US dollars into banks now. Speaking about the country's economy, Mansur warned that the balance of payments, cash flow and dollar flow would be impacted if the volume of exports falls.

"So, we need to help export-oriented sectors. But we are not considering giving incentives or this or that. I don't believe that giving export incentives itself is the solution." ■

## Tk 60,000cr Printed Money Blamed For High Inflation



Finance, commerce and science and technology adviser Salehuddin Ahmed said that release of printing money worth around Tk 60,000 crore by the ousted government was the major bar to bringing down the runaway inflation. It would take some time to reverse the inflationary trend, said the finance adviser while talking to reporters after a

courtesy meeting with UNDP resident representative Stefan Liller at the Secretariat on September 9. The overall inflation in August eased, but still prevailed at a double-digit level for the second consecutive month. The Bangladesh Bureau of Statistics recorded overall inflation at 10.49 per cent in the past month, down from 11.66 per cent in

July. The double-digit inflation in July and August puts the average inflation in the current financial year (July 2024–June 2025) at 11.07 per cent which is almost close to the average inflation of 11.15 per cent recorded in 2010–11. The finance adviser said that while there were many reasons for the current high inflation, the money

printing spree by the Bangladesh Bank in the past two years was the main one to be blamed. He also said that the interim government already took measures to maintain the supply chain of essentials to release the mounting pressure on the consumers. Answering a question over new extortionists replacing the old ones, the finance adviser said that no vacuum remains for long. He said both time and cooperation would be needed to tackle the new extortionists. Noting that the required cooperation in this regard had to be in the political sphere, he said that decision to curb extortion was not linked with economy and commerce. ■

## NBR ISSUED AUDIT GUIDELINES CREATED COMPLEXITIES ON SELECTION OF TAX FILES FOR AUDIT

Taxpayers fear harassment if taxmen select files as per the guidelines

Under the new guidelines, taxpayers may have to face interrogations in several stages



Auditing parameters needs to be specific and clear to scrutinise tax files

— Dr Masrur Reaz  
Economist and public policy expert

# NBR Asks Taxmen Not To Select Tax Return Afresh For Auditing

## Business Outlook Report

**T**he National Board of Revenue (NBR) on September 9 asked taxmen not to select tax return afresh for auditing, finding the existing audit system faulty that causes unusual harassment to taxpayers.

Use of discretionary power of the taxmen has been allowed to a great extent in the current audit guidelines which taxpayers often alleged as injustice to them. In a letter, Md Alamgir Hossain, member of taxes (tax audit, intelligence and investigation) asked all field-level tax offices not to select new files for auditing until the next order issued. However, the tax returns already selected for audit would go through auditing in the

normal process. Mr Hossain said the NBR has suspended the new selection of tax files for auditing following complexities faced by both field-level tax officials and taxpayers. "We have a plan to stop the manual auditing system. We will introduce a digital audit selection system to give relief to taxpayers," he added.

For the interim period, until the digital system was introduced, the NBR would set some specific criteria for selection of audit file, he added. However, no tax offices would be able to select tax files for auditing until issues of an order setting the parameters for auditing, he said. The parameters such as if a taxpayer shows a significant amount of loss in a tax

year, or claimed a large amount of tax rebate might be explored for audit selection. After the Income Tax Act 2023 was implemented, the NBR has issued audit guidelines which have created complexities on selection of tax files for audit.

Taxpayers also feared harassment if taxmen select their tax files as per audit guidelines. Under the new guidelines, taxpayers would have to face interrogations in several stages which may create scope of underhand dealings and increase associated costs on tax return submission. Also, the Deputy Commissioner of Taxes (DCTs) concerned would not be able to be involved in the audit process with basic information of the tax files

and its history of tax evasion or compliances. Economist and public policy expert Dr Masrur Reaz has hailed the move by the NBR recommending a risk-based automated system adopting technology. The auditing parameters have to be specific and clear to scrutinize tax files, he added.

Khandaker Khurshid Kamal, former commissioner of taxes, said until the NBR introduces automated random tax file selection system, not by person, the tax files audit should be suspended.

Once all taxpayers' data would be preserved in the core system, auditing of tax files would not be difficult by an audit team of other tax zones, he added. ■

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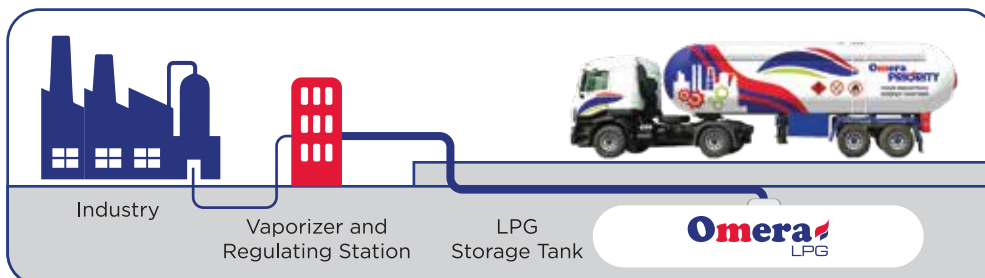


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