

Local aviation operators' platform gets new committee



Anjan Chowdhury

Mofizur Rahman

STAR BUSINESS DESK

A newly elected executive committee of the Aviation Operators Association of Bangladesh has recently taken over charge for 2021-2023.

Square Air Managing Director Anjan Chowdhury and Novoair Managing Director Mofizur Rahman have been elected president and secretary general respectively, according to a statement.

Other committee member are Z Mahmud Mamun of Impress Aviation, Mostafa Kamal of Meghna Aviation, Safwan Sobhan of Bashundhara Airways, Raquibul Kabir of Bangla International Airlines, Md Arifur Rahman of Sky Capital Airlines, Khandaker AFM Mohibullah of South Asian Airlines, Mohammed Younus of Galaxy Flying Academy and Abdullah Al Zahir Shapan of Blue Flying Academy.

Bank Asia celebrates golden jubilee of independence

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Bank Asia celebrated the golden jubilee of Bangladesh's independence through hoisting of the national flag at its Paltan corporate office in Dhaka, rendition of the national anthem and observance of one minute's silence for Liberation War martyrs.

Guests shared memories between patriotic songs and poem recitations, says a press release.

Rumee A Hossain, the bank's chairman of board executive committee, inaugurated the programme while directors Helal Ahmed Chowdhury and Romana Rouf Chowdhury, directors, and Md Arfan Ali, president and managing director, were present.

So many potatoes, yet nowhere to store

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Another farmer, Monirul Islam, from the same district, had a similar experience. He could store only 70 bags of potatoes in the cold storage.

In Taraganj upazila of Rangpur district, potato trader Tofayel Ahmed was able to keep 1,000 bags of tuber after his third attempt.

"All the storages have stopped taking potatoes," he said, adding that farmers will be in massive trouble in such a situation.

This has happened just for excessive production, he observed.

After failing to keep the vegetable in cold storages with a plan to sell them in the lean season, many farmers are preserving them using traditional methods in their houses. Yet there is a limit of storing.

Moshiur Rahman, managing director of Gobindaganj cold storage in Gaibandha district, said farmers' interest to store more potatoes increased this year as prices were higher last year.

"We have two cold storages in this upazila. We were open to store potatoes since February 25, and two storages were filled within 10 March," he said.

The Bangladesh Cold Storage

Association (BCSA) has 400 cold storages. Its members and the storages together can preserve up to 58 lakh tonnes of tubers. Cold storages in the northern region account for three-fifths of the total storing capacity, said Mosharaf Hossain, president of the association.

Already, 85 per cent of the capacity of the cold storages has been occupied. The rest will be filled in the next two weeks, he added.

Hossain also said that space was available mainly in the cold storages in Munshiganj district, which alone accounts for 12 per cent of the total annual production of potato in Bangladesh.

Agricultural extension officials, cold storage operators and farmers all said that the expanded cultivation of potatoes this year was encouraged by higher prices in the last quarter of the previous year.

Last year, the prices of the most popular vegetable soared up to Tk 50 per kg at the retail level in Dhaka due to a supply shortage.

This year, growers cultivated potato on 4.86 lakh hectares, 4 per cent higher year-on-year, data from the Department of Agricultural Extension (DAE) and the Bangladesh Bureau of

Statistics (BBS) showed.

Growers bagged 96 lakh tonnes of the tuber in 2020, according to a BBS estimate.

DAE Director General Md Asadullah said increased area and favourable weather contributed to higher production this year.

"We expect total production to be 1.10 lakh tonnes this year," said BCSA President Hossain.

Prices of potato dropped by Tk 2 per kg over the last two weeks to trade at Tk 9-10 at the farmers' end.

Hossain said the prices were likely to decline further after storing is complete.

"Prices of potato are decreasing day by day this year," said Nabiul Islam, a potato trader from Kurigram sadar upazila, a northern district.

Sunil Chandra Das, a 58-year-old farmer in Kurigram, said buyers were not even showing interest to buy the vegetable at Tk 7-8 per kg.

The government should carry out a proper estimate on the production and requirement of potatoes and draw up plans for the excess crop to help farmers, said Hossain.

(Our correspondents from Dinajpur, Lalmonirhat and Bogura contributed to the report).

BB'to announce' new cyber security guidelines

STAR BUSINESS DESK

Bangladesh Bank will soon announce new cyber security guidelines for the banking sector, said the central bank's head of IT recently.

Cyber security does not just encompass technology but processes and human resources, said Debdulal Roy, also an executive director.

He was addressing a webinar on the issue organised by Hoplon, an emerging cyber security company of Bangladesh, in collaboration with Group IB, according to a statement.

Bangladesh Bank has been providing banks relevant guidance for some time now and recommends availing ISO certifications and security operation centres, said Roy.

Cyber-attacks can target all kinds of banking channels—mainstream banking, credit cards, ATMs and mobile banking, said Nick Palmer, VP Global Business of Group IB.

City Bank wins AsiaMoney award

STAR BUSINESS DESK

City Bank has been awarded a "Best Digital Bank in Bangladesh 2021" by global financial publication AsiaMoney for "outstanding contributions in digital banking in Bangladesh".

The bank's "Ekhoni" instant account opening app, digital banking services City Touch, interactive voice response call center, WhatsApp banking and others helped gain the award, the bank claims in a statement.

Pandemic pushes French govt debt to highest since 1949

AFP, Paris

French public debt soared last year to its highest levels since shortly after World War II due to the coronavirus pandemic and ensuing economic crisis, the statistics office said on Friday. France's public debt in 2020 was equal to 115.7 per cent of annual GDP and the budget deficit amounted to 9.2 percent of GDP, "the highest level since 1949", statistics office Insee said. In 2019, before the Covid-19 pandemic erupted, French government debt was 97.6 percent of GDP and the budget deficit 3.1 per cent.

The government had expected even worse figures, with a deficit of 11.3 percent and debt of around 120 percent. The Covid-19 pandemic has battered the French economy which contracted 8.2 per cent in 2020, forcing the government to provide massive support to business to avoid bankruptcies and mass job cuts.

RMG orders slump

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So, the situation has not improved in terms of payment deferment, suppliers said.

SMEs are the worst victims in such a situation. Besides, most of them are not getting sub-contracting orders as the bigger units do not have large volumes of export orders for themselves for the next seasons.

"The old inventory in the retail stores is one of the major reasons for the go-slow policy by the buyers," said Fazlul Hoque, managing director of Plummy Fashions Ltd, a Narayanganj-based knitwear factory.

"I have received 20 per cent fewer work orders from my buyers for the next seasons."

Hoque said the orders for some specific products were higher than the traditional goods.

For instance, all of a sudden, he received the orders for loungewear and night wears because of a higher

demand for casual wear as people are staying most of the time at home because of Covid-19 and lockdowns.

Kutubuddin Ahmed, chairman of Envoy Group, one of the top fashion items exporters, said although the industry had been experiencing 20 per cent to 30 per cent fewer orders, it was recoverable because of the shifting of work orders from China.

"Buyers are following now a go-slow approach and placing orders in small slots instead of bulk amount. Since the Western market is under strict lockdown, their retail sales have plummeted. So, the request for payment deferment is always there," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

During the March-April period last year, the garments sector faced order cancellations and delays worth about \$3.18 billion.

"We are negotiating with each of

the buyers as best as we can. Some 90 per cent of the previous orders have been reinstated, and we are trying for the rest."

"However, it is complicated since a good number of the dues are caused by the bankrupt buyers, and we don't have any legal protection against such non-payment."

Not all the retailers and brands have cleared the entire arrears yet, she also said.

Whenever the BGMEA is reported about non-payment or other purchasing-related issues, the association immediately engages with the respective buyers to facilitate amicable resolution and expedite negotiation, Huq said.

"We have been contacting the buyers one by one on behalf of our suppliers. We have taken the help of our foreign missions, international media, and other social partners, including labour federations."

Uncertainty may curb rising card spending

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The upward trend may hit a high though because of the rising number of coronavirus infections.

Banks have taken initiatives to encourage people to spend more online on the occasion of the two biggest shopping seasons: Pahela Baishakh, the first day of the Bengali calendar, and the Eid-ul-Fitr, the biggest spending season in Bangladesh.

During the fasting month and Eid festivals, clients usually use credit cards two to three times higher than in other months.

The transaction may face a blow this time as witnessed during the same period last year as spending fell owing to uncertainty at the height of the pandemic in the country.

Bankers overseeing cards say if coronavirus infections continue to rise in the days ahead at the current alarming rate, people may rein in their expenses.

Bangladesh recorded the highest number of deaths from Covid-19 in a single day since December 15 in the 24 hours to 8:00am yesterday. Thirty-nine people died during the period, according to the Directorate General of Health Services.

At least 3,674 new cases were recorded. The number of caseloads remained more than 3,500 for the fifth consecutive yesterday because of people's reluctance to maintain health protocols amid lax legal enforcement.

Just after the government enforced a nationwide lockdown and general holiday by the end of March last year, the use of credit cards drastically went down amid uncertainty and massive income and job losses.

It rebounded in October as the economy began to recover from the fallout of the pandemic-induced lockdown. A record Tk 1,561 crore was spent through credit cards in December.

The central bank is yet to prepare the credit card lending statement for February, but spending also went up in February, bankers said.

The increased use of credit cards has created hope among card-issuing banks and non-bank financial institutions that the upcoming festivals will bolster digital transactions.

"If the latest spike of the cases continues, the card issuers will face woes," said Ahsan Ullah Chowdhury, head of card and digital banking at Eastern Bank Ltd (EBL).

EBL has so far issued nearly 1.70 lakh credit cards.

"People usually buy a huge number of groceries during Ramadan. Such a trend will take a hit if the deadly flu spreads more," Chowdhury said.

Mahiul Islam, head of retail banking at Brac Bank, said the lenders were still feeling comfort thanks to a hefty return from the card businesses in recent months.

Transactions through credit cards during Ramadan rises nearly three times compared to the average month, he said.

"But this will not be possible if infections spread further. We are working on the upcoming festivals to boost transactions."

Brac Bank now issues 6,000 to 7,000 credit cards per month, which is higher than before.

Banks usually offer discounts to clients if they purchase selected goods and services by using

credit cards during festivals.

The number of digital transactions has been growing steadily since 2010, driven by the increasing popularity of mobile financial services (MFS).

Yet, digital transactions, including those routed through MFS operators, are less than 5 per cent of all retail transactions in Bangladesh.

Syed Mohammad Kamal, country manager of MasterCard Bangladesh, said that card transactions would face trouble in case of a rise in infections.

But the gravity of the impact might not be dreadful compared to what the country had gone through during the lockdown from the last week of March to May last year.

A good number of people have become habituated with using credit cards to protect themselves from the virus.

"So, e-commerce will be on the rise in the days to come," he said.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the numbers of transactions would go up if infections pick up as people would prefer cashless settlement to avoid dirty notes and going outside of their homes.

But the volume of transactions may dip as cardholders could spend less amid all the uncertainty.

"The income level of people has already gone down due to the pandemic and will decline further if the rogue virus spreads further," Rahman said.

The issuance of credit cards rose in January, when the number of cards stood at 16.93 lakh, up from 16.76 lakh a month ago.

Stock investors on edge over Covid surge

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The DSEX may have dropped due to mounting fears over the growing infection rate, said AB Mirza Azizul Islam, former adviser to the caretaker government.

As the Covid-19 crisis continues to gain steam, fear among investors is also rising.

"So, it may impact both businesses and the economy."

However, since the infection rate is still hovering around 3,500, nothing much is there to worry about yet as the index could bounce back if the situation subsides, he added.

While answering a query, Islam, also former chairman of the Bangladesh Securities and Exchange Commission, said the recent political unrest may not last long and so it should barely have an effect on the stock market.

Covid-19 has impacted the whole

economy and its recent resurgence has impacted the market, said Sharif Anwar Hossain, president of the DSE Brokers' Association.

Investors fear that the economy will be impacted again due to the increased infection rate.

"However, I don't think the political clash is going to be a big deal for the market because the agenda is not very important."

"If the pandemic gets worse again, the government should focus on bringing stocks of well performing companies to keep the market attractive," he said.

Quality stocks are the main remedy for the market in any situation because investors are always looking for good investment tools, added Hossain, who is also managing director of Sahidullah Securities.

1,320MW Payra plant awaits inauguration

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Fly ash is a substance containing aluminous and siliceous material that forms cement in the presence of water.

A company buys fly ash from the plant, said Shahmoni Ziko, assistant manager of Bangladesh-China Power Company (Pvt), which built the plant. The amount of byproduct purchased is yet to be known.

The plant has a 76.30 acre dumping zone where 25 years' byproduct can be kept, added Ziko.

The plant is currently importing coal from Indonesia. It has its own jetty whose conveyor belts can unload 3,200 metric tonnes of coal in an hour from four vessels simultaneously.

An agreement was signed between Bangladesh's North-West Power Generation

Company and China National Machinery Import and Export Corporation to set up the power plant during Prime Minister Sheikh Hasina's visit to China in 2014.

Later, Bangladesh-China Power Company (Pvt) was formed.

This company built the plant on 982.77 acres of land at a cost of around Tk 20,000 crore or \$2.46 billion. Of the amount, \$1.96 billion has been loaned by The Export-Import Bank of China.

Rezwan Iqbal Khan, executive engineer of the power plant, said on October 14, 2016, Prime Minister Sheikh Hasina and Chinese President Xi Jinping laid the foundation stone of the power plant.

The Bangladesh-China Power Company (Pvt) completed the construction work of two units on time, he said.

Export dev fund being raised to \$5.5b

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The extension is due to stay in effect until June this year.

The central bank earlier also brought down the interest rate on the loans.

Banks now receive the fund from the central bank at 0.75 per cent interest rate and will be allowed to charge borrowers a maximum 1.75 per cent.

The previous rate was 2 per cent.

The revolving fund was introduced in 1989 by way of taking support from World Bank. The central bank, however, injected money 2-3 years later.

The whole fund now comes from the central bank's foreign exchange reserves.

The swelling of foreign exchange reserves to more than \$43 billion at present also influenced the central bank's recent decisions.

An unprecedented crisis in shipping

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Lockdown: To contain the deadly virus, many countries imposed lockdown. As a result, normal economic activities were restricted. Containers were lying at different destinations for a longer period of time as there was not enough cargo to fill and ship those out.

Consequently, when the restrictions were being lifted, many countries resumed normal operations, there were shortages of containers at the right places.

Limited ship time: As the demand had dropped significantly during Q1 of last year, major shipping lines were forced to reduce number of ships plying in different routes.

Congested ports: During the lockdown, cargo handling got slowed down massively because of limited operations at different ports. This caused severe delays in vessel turnaround time as well.

Changes in buying behaviour: There have been noticeable changes in consumers' buying behaviours during pandemic period. As there were restrictions on travelling and some other outdoor amusement activities, consumers spend more money on consumables. Demand for certain items suddenly gone up which changed the traditional container movements.

China bounced back earlier than others: China managed to contain the virus much earlier and was able to resume their production and exports since the beginning of Q2 of 2020. When other Asian countries had started their exports, a significant number of containers were already on their way to Europe and North

America. Those containers did not come back quickly to Asia.

Surge in demand for Christmas: Approximately 900,000 TEUs of containers were sent from China to North America during September to cater for the Christmas demand. Chinese exporters were desperate to get boxes, 3 out of 4 containers from the US to Asia were going back empty. Resultantly, many countries did not get enough boxes.

Limited land freight capacity: Because of shortages of trucks and lorry drivers, containers were stuck at the port, couldn't be taken to the customers' premises. Whatever containers were taken to customer ends couldn't be returned back to ports timely. In the process, container turnaround time increased substantially.

Delay in delivering new containers: There were more than 3 million empty 20-foot containers lying at Chinese ports at the end of March last year and 1.2 million in storage at container manufacturers. Due to the surplus of the boxes and in the anticipation that business would collapse as a consequence of the pandemic, there were slump in orders for new containers in 2020 to the Chinese container manufacturers who supply more than 90 per cent of global demand.

Consumer demand in the US and Europe started uprisings from Q2 last year made the situation reverse. Suddenly, there was a huge jump in container demand and so orders for new boxes went up. The industry did not have enough capacity to manufacture new containers

quickly enough.

Given the alarming logistics challenges, what should the businesses do? First and foremost, organisations need to take this into cognizance that, this crisis is not going to over soon.

Therefore, right from the raw material sourcing to distribution of the finished goods, few things need to be readjusted:

- Increase the inventory of raw materials and other items to ensure smooth production
- Add adequate buffer to the supply lead-time
- Go for long term contract with the shipping companies to ensure maximum space in advance
- To absorb the additional freight costs, look for the options to save costs from elsewhere or the last resort is to adjust the price of the finished products
- Increased inventory would put pressure on working capital, so plan accordingly

Business associations should start dialogue with the port authorities and other logistics service providers like the transporters etc. to increase their capacities to ease out the huge congestions.

Here come the government's interventions like providing financial support to the logistics companies to build their capacities.

This global crisis needs to be collectively dealt with by all the key stakeholders, otherwise, situation might get deteriorated further.

The writer is the chairman and managing director of BASF Bangladesh Limited.