



## PREPAID GAS METERS

# Perks aplenty but installation slow

ASIFUR RAHMAN and MAHMUDUL HASAN

The installation of prepaid gas meters is going on at a snail's pace even though the system comes with many perks, including cuts in customers' cost and a reduction in gas wastage.

For instance, Tuhin Rahman, a resident of the capital, used to pay Tk 975 each month for gas but her expenses fell drastically since October, when a gas distribution company installed a meter in her apartment.

"My monthly expense for cooking gas got cut by over 50 per cent as a result," Rahman told The Daily Star.

About half a dozen people said their gas bills were cut by 30 to 40 per cent ever since the distribution company replaced its traditional billing system with prepaid meters.

Not only from the customers' end, it will reduce gas usage amid dwindling reserves, which is leading to costly imports in order to keep wheels turning and burners running.

For example, a customer without a prepaid meter uses 70 cubic meters of gas per month while customers with a meter use 30 cubic meters of gas.

But despite all these perks and the instruction of the Bangladesh Energy Regulatory Commission, installation of prepaid meters has been running at a snail's pace.

The installation of prepaid meters began a decade ago but only about four lakh meters have been installed so far, keeping over 90 per cent of the roughly 43 lakh residential customers away from the benefit.

Wishing to remain unnamed, a joint secretary level officer of the Energy and Mineral Resources Division told The Daily Star that they usually prepare bills equal to 87 cubic meters while prepaid meter users use less than 50 cubic meters in a month.

"I recharge only Tk 500 in prepaid

meters for a two-burner stove and can use it for one-and-a-half months," said Azimur Rahman Gani, a resident of Mirpur.

A pipeline gas user had to pay a bill of Tk 975 each month for a two-burner stove and Tk 925 for a single burner.

Initiated through a pilot project in 2011, Titas Gas Transmission and Distribution Company has so far installed 3.33 lakh prepaid meters. It has over 28 lakh customers.

The project was funded by the Japan International Cooperation Agency and meters were acquired on a turnkey-basis deal with contractors who import them.

It also signed an agreement with United Commercial Bank to facilitate prepaid card recharge for customers.

However, customers are annoyed with the system as it requires them to visit an agent to recharge their cards while recharging an electricity card can be done through mobile financial service providers' apps.

According to an official of Titas, a Japanese company supplied the meters, which cost Tk 14,000 a piece and last for about 20 years.

And customers now have to pay Tk 60 as rent per month for the meter.

"We have plans to increase it to Tk 100 so that the price of the meter can be collected within 13 years," he said.

Titas has also undertaken two more projects to set up over 12 lakh meters as a part of the government's plan to bring all residential customers under the prepaid system by 2024.

However, both projects are currently with the planning ministry for review. Meanwhile, the Bangladesh Energy Regulatory Commission (BERC) provided instructions on many occasions to install prepaid meters.

"In a notice in 2019, there was a guideline to introduce pre-paid meters," said Md Abdul Jalil, chairman of BERC.

"It will inspire customers not to waste



READ MORE ON B3

## Daraz to launch a refreshed look

### Founder Bjarke Mikkelsen shares plans for 2022



**Bjarke Mikkelsen**  
 Daraz Group founder

**Syed Mostahidul Hoq**  
 Daraz Bangladesh CEO

#### STAR BUSINESS REPORT

E-commerce platform Daraz plans to launch a refreshed look of its brand this year as part of its efforts to build the ecosystem with significant investments in technology.

"This is one of the initiatives I'm most excited about for 2022 – not only because I love the feel of the new brand, but also because it signifies the next chapter for building amazing service offerings," said Daraz Group Founder and CEO Bjarke Mikkelsen.

The company wants to utilise the success it achieved in 2021 when the company found huge success in its special sales campaign 11.11 Single's Days sale and introduced livestreaming feature Daraz Live.

"The 11.11 Single's Day sale was of course our main campaign and highlight of the year, with over 14 million users visiting our platform across our five markets and almost \$10 million worth of products sold in the first hour," Mikkelsen said.

The Daraz Live has provided its customers with the opportunity to engage directly with the sellers through livestreamed interactive sessions, he said.

He made the comments during a conversation with Daraz Bangladesh Managing Director and CEO Syed Mostahidul Hoq, Daraz said in a statement yesterday.

"2021 was an exceptional year for the business. We ended the year with over 40 million active

READ MORE ON B3

STOCKS	
DSEX ▲	CSCX ▲
0.03%	0.09%
7,019.59	12,354.34

COMMODITIES		AS OF FRIDAY
Gold ▼	Oil ▲	
\$1,817.43	\$84.32	
(per ounce)	(per barrel)	

CURRENCIES					STANDARD CHARTERED BANK
	USD	EUR	GBP	CNY	
BUY TK	85.05	96.05	115.48	13.15	
SELL TK	86.05	99.85	119.28	13.83	

ASIAN MARKETS					FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲	0.02%	▼	1.28%	▲	0.76%
▼	61,223.03	▼	28,124.28	▲	3,281.97
▼		▼		▼	3,521.26

## Ice cream market sees good growth

### Awareness campaigns boost sales amid pandemic

JAGARAN CHAKMA

Ice cream manufacturers are enjoying robust sales after launching awareness campaigns on how consuming the sweetened frozen food does not increase the risk of contracting a serious case of Covid-19.

The market size for ice cream reached at least Tk 1,410 crore in 2021, up by about 93 per cent year-on-year from Tk 730 crore.

Considering the current rising trend, the industry's market value could reach as much as Tk 2,600 crore by 2025.

But before the advent of Covid-19, the market size for ice cream was valued at Tk 1,240 crore in 2019.

"The sector achieved robust growth with the slow return to normalcy as people understood that ice cream does not spread coronavirus," said Shamim Ahmed, chief operating officer of Igloo, a popular local ice cream brand.

Besides, market players want to expand their businesses to recover losses incurred due to Covid-19," he added.

The market is also growing since consumption increased in recent years in line with the peoples' growing spending capacity, urbanisation, and access to the power grid in rural areas.

"Shopkeepers now keep ice cream in stock even in remote villages," he said.

So, there is huge potential in Bangladesh's ice cream industry, where at least Tk 3,000 crore has already been

READ MORE ON B3



## BB ensures NBFIs boards stay aware of anomalies

### STAR BUSINESS REPORT

Any irregularity unearthed in non-bank financial institutions (NBFIs) by Bangladesh Bank will from now require the institution concerned to convene a special board meeting within two months of the investigation to present the findings.

Moreover, presence has been made mandatory for the general manager or deputy general manager of the central bank's Financial Institutions Inspection Department, the team which carried out the inspection and a representative from the Department of Financial Institutions and Markets.

Besides, the minutes of the meeting have to be sent to Bangladesh Bank within 15 working days, said a central bank circular yesterday.

Furthermore, Bangladesh Bank has

READ MORE ON B3



A view of the Marathon Petroleum Corp's Los Angeles refinery in Carson, California on April 25, 2020 after the price for crude plunged into negative territory for the first time in history on April 20.

PHOTO: AFP

# Oil price spike leaves limited options for Biden

REUTERS, New York

Two months after US President Joe Biden announced an unprecedented effort among major oil consuming economies to work together to bring down rising fuel prices, prices are again approaching multi-year highs. And Biden has few options to stop the rally.

Global benchmark Brent crude LCOc1 passed \$84 a barrel on Wednesday and leading analysts are forecasting that oil could pass \$100 a barrel in the first quarter.

Biden spearheaded a coordinated release of oil from strategic reserves with Japan, India, South Korea, Britain and China in November that helped quell prices - even though, in the end, China did not take part.

Brent briefly dropped below \$70 a barrel, but the effects were short-lived.

Rising oil prices present a political headache for Biden and any US president, because the United States is the biggest consumer of gasoline globally, burning roughly 9 million barrels per day (bpd) of the motor fuel.

Crude prices make up about two thirds of the price of gasoline, making the commodity's price an important part of consumers' budgets.

Republicans are pointing fingers at climate-focused policies supported by Biden, a Democrat, for rising prices, but the reality is that oil market is linked to global factors beyond any US political party's control.

Investors have been buying oil on expectations that the Omicron coronavirus variant will have a limited effect on global economic activity.

Currently US pump prices are about 80 cents a gallon below their all-time record hit in 2008, but they are expected to rise.

Worldwide oil demand recovered to pre-pandemic levels at roughly 99 million bpd, but supply is at least a million bpd short of that, according to the International Energy Association.

Economists say the combination of strong demand, weak investment and a lack of spare capacity has caused prices to rise. The Organization of the Petroleum Exporting Countries and its

allies, including Russia, a group known as OPEC+, have been routinely falling short of targeted supply increases.

"OPEC+ remain steadfast in adding 400,000 bpd back to the market each month, but our data suggests that monthly additions tally closer to 250,000 bpd," Mike Tran, commodity strategist at RBC Capital Markets, said in a note to clients.

US production averaged roughly 11.3 million bpd in the second half of 2021, compared with a peak of about 13 million bpd at the end of 2019.

Biden last year joined his predecessors who at one time or another pressed OPEC to raise output, with variable success.

The president announced several steps to try to bring fuel prices down in November. The White House, in conjunction with Japan, South Korea and India, announced a release of barrels from its strategic reserves.

Biden had also said China would be involved, but the country, the world's largest crude importer, said it would sell from its reserves on its own schedule.

The group cut supply by a record 9.7 million bpd in early 2020 as the pandemic broke out.

It has been slowly restoring output, but currently OPEC+ is still withholding more than 3 million bpd in supply.

Biden could increase sales from the US Strategic Petroleum Reserve (SPR). However, that supply is limited, and pales in comparison to the size of the global market. SPR crude inventories have fallen to 593 million barrels, their lowest since November 2002.

Biden's announcement in November was for a release of 50 million barrels in sales and loans - roughly half of one day's global consumption.

The president could also consider a federal gas tax holiday; the federal excise on gasoline is 18.4 cents a gallon.

In 2008, lawmakers floated this idea in response to a surge in prices that brought gasoline costs to more than \$4 a gallon - but because refiners cannot quickly produce more gasoline, such a move would likely only boost demand, which would ultimately send prices higher, economists have argued.

## Stocks end flat

STAR BUSINESS REPORT

The prime index of the Dhaka Stock Exchange (DSE) ended flat yesterday while its turnover experienced a rise.

The DSEX, the benchmark index of the DSE, edged up 2 points, or 0.03 per cent, to 7,019.

At the DSE, 182 stocks advanced, 151 declined and 45 remained the same.

The investors optimistic about the economy are betting on stocks although the pandemic is getting worse again with the rising cases of infections caused by the new coronavirus variant Omicron, said a stock broker.

They believe the economy will not get affected this time the way it was hit earlier as the impact of Omicron has so far been comparatively lower than it was feared to be, he said.

On the other hand, some tensed investors are selling their shares, he added.

Aziz Pipes topped the gainers' list that rose 10 per cent followed by Union Insurance, BD Autocars, Prime Life Insurance, and Apex Foods. Beximco became the most traded stock with shares worth Tk 87 crore changing hands followed by Fortune Shoes, RAK Ceramic, Paramount Textile and Power Grid.

Bashundhara Paper Mills shed mostly that eroded 5.17 per cent followed by Daffodil Computers, Robi Axiata, Eastern Cables, and Runner Automobile.

Institutional investors are quite shaky now while the general investors are found to be more optimistic, according to a merchant banker.

People will not be loser if they invest after examining a company's fundamentals properly, he said. They will be impacted in case of purchase of junk or low-performing companies' shares, he added.

Among major sectors, ceramics, services and real estate and textile closed positive while miscellaneous, telecom and mutual fund faced correction. The Chittagong Stock Exchange also rose. The CASPI, the main index of the CSE, up 21 points, or 0.10 per cent, to 20,567.

Among traded 306 stocks 152 up, 115 fell and 39 remained unchanged.

## China, US trade relations normal Chinese commerce ministry says

ANN, Beijing

Economic and trade relations between China and the United States are mutually beneficial and China hopes the US can create favorable conditions for the two nations to expand their trade cooperation, the Ministry of Commerce said on Thursday.

The phase-one economic deal between China and the United States is beneficial not only to the two countries but also the world, said Shu Jueting, spokeswoman of the Ministry of Commerce, when asked about the latest developments in implementing the deal.

China has exerted strenuous efforts to offset the negative impact of factors such as the Covid-19 pandemic, the global economic recession and the constraints of supply chains, to promote joint implementation of the agreement since the deal took effect, Shu said at an online media briefing.



PHOTO: SBAC BANK

M Shamsul Arefin, additional managing director of the South Bangla Agriculture and Commerce (SBAC) Bank, inaugurated a training workshop on online payments of customs duty and government tax, fees and charges through a real-time gross settlement system at the lender's training institute on Saturday. Md Abu Bayazid Sk, head of banking operations division, and Md Shahinul Alam, joint director of Bangladesh Bank, were present.

## IMF urges 'deep reforms' to Tunisian economy

AFP, Tunis

Tunisia's crisis-stricken economy needs "deep reforms" such as slashing its vast public wage bill, the International Monetary Fund's outgoing country chief has said as the government seeks a new bailout.

Jerome Vacher, speaking in an interview at the end of his three-year term as the global lender's envoy to the North African country, said the coronavirus pandemic had helped create Tunisia's "worst recession since independence" in 1956.

"The country had pre-existing problems, in particular budget deficits and public debt, which have worsened," he said.

Tunisia's debts have soared to nearly 100 per cent of Gross Domestic Product.

Its GDP plunged by almost nine percent in 2020, the worst rate in North Africa, only modestly offset by a three percent bounceback last year.

That is "quite weak and far from enough" to create jobs to counteract an unemployment rate of 18 per cent, Vacher said.

He said young graduates face particular challenges in finding work, despite the country being able to offer "a qualified workforce and a favourable geographic location".



PHOTO: EASTLAND INSURANCE COMPANY

Mahbubur Rahman, chairman of Eastland Insurance Company Ltd, virtually inaugurates the insurer's 35th Annual Conference-2022 on Saturday. Kamal Uddin Ahmed, Mohammad Arshad Ali, ASM Quasem, Mahbub Jamil, Md Tanvir Khan and Md Shamimul Islam, members of the board, Ghulam Rahman, executive vice-chairman, and Abdul Haque, chief executive officer, also attended the conference.

## Banks are paying up for talent as hiring is competitive

REUTERS

Banks are facing cutthroat competition to hire and are being forced to pay more to recruit and keep talent, with both Citigroup Inc and JPMorgan Chase & Co saying they are having to pay competitively for top people.

Global banks have had to come up with perks like higher pay and bonuses to attract and retain talent as the economy recovers and people look to shift around.

"Hiring has been very competitive across the business," Citigroup Inc Chief Financial Officer Mark Mason said on a call with reporters. That's being seen at the entry levels as well, he said.

"We have seen some pressure in what one has to pay to attract talent," said Mason. "So yes, you've even seen it at some of the lower levels, I should say entry levels in the organization."

That included analysts or associate bankers, Mason said, adding there was a "lot of competitive pressure on wages." JPMorgan CFO Jeremy Barnum told

reporters on a call that they are facing pressures.

"It is true that labor markets are tight, that there's a little bit of labor inflation and it's important for us to attract and retain the best talent and pay competitively for performance," Barnum said. CEO Jamie Dimon added to that, saying the bank wants to be "very, very competitive on pay" and "if that squeezes margins, so be it."

Wells Fargo CEO Charlie Scharf also said that hiring and retaining bankers was competitive. "We never want to lose good people, but it happens," said Scharf. "But it's not something we worry about hurting the franchise at this point."

"It's a very, very competitive workplace," Scharf said, adding that the bank's top leadership is not currently worried about the bankers who have left over recent months. "We are very knowledgeable about attrition happening at the company. We feel good about the people that are here and we are going to work hard to keep the people here."

## Higher costs hit JPMorgan Chase

AFP, New York

Higher labor costs bit into JPMorgan Chase's fourth-quarter results, but the US bank still reported on Friday record annual profits of \$48.3 billion.

The financial giant pointed to a broadly solid US economy that allowed it to release reserves set aside previously in the Covid-19 pandemic in case of defaults, which boosted profits.

It has also seen an uptick in overall lending, another sign of increasing economic activity.

Two other large banks, Citigroup and Wells Fargo, saw a similar benefit and pointed to the healthy state of consumers and businesses that translates to low delinquencies and charge-offs.

But shares of both JPMorgan and Citigroup fell sharply as executives acknowledged an economic outlook clouded somewhat by rising inflation and lingering Covid-19 uncertainty.

"The economy continues to do quite well despite headwinds related to the Omicron variant, inflation and supply chain bottlenecks," said JPMorgan Chief

Executive Jamie Dimon.

"We remain optimistic on US economic growth as business sentiment is upbeat and consumers are benefiting from job and wage growth."

"Citigroup Chief Financial Officer Mark Mason said it was still "early days" on the latest Covid-19 variant, but the bank is watching Omicron "and how that may impact sentiment."

"On inflation, Cit's business clients are mostly able to pass on higher costs and "not really yet feeling a pinch," he said.

"But again we're watching it closely and it's kind of early days to call." At JPMorgan, earnings came in at \$10.4 billion, down 14 per cent from the year-ago period. Revenues were flat at \$29.3 billion.

The fourth-quarter results included \$1.8 billion in net reserve releases from funds that were set aside earlier in the pandemic in case of bad loans.

Strong points in the report included higher investment banking fees tied to what Dimon called "unprecedented" merger and acquisition activity offset somewhat by a drop in trading

revenues in some businesses.

But the bank saw an 11 per cent jump in fourth-quarter expenses, with much of it due to higher labor costs. Chief Financial Officer Jeremy Barnum pointed to "somewhat elevated attrition" in the workforce that has resulted in wage hikes.

JPMorgan Chase also signaled spending would remain elevated, projecting 2022 expenses of \$77 billion, up from \$70.9 billion last year.

Dimon said the current uptick in inflation includes elements that are "not transitory," such as housing, oil prices and wages.

"They're elevated for a while," Dimon said on a conference call with journalists.

"And the Fed really needs to thread the needle... to slow down the growth in inflation a little bit without stopping the growth."

Eric Compton, senior equity analyst Morningstar, said in a note he was "a bit surprised" by the extent of the spending increases, as well as by JPMorgan's forecast on the benefit of higher Federal Reserve interest rates on net interest income.

## CVO Petrochemical to buy Tk 15cr oil tanker

STAR BUSINESS REPORT

CVO Petrochemical, a listed petrochemical company, has decided to buy an oil tanker that costs Tk 15 crore.

Khwaza Mowin Uddin Hossain, company secretary of CVO Petrochemical, said they decided to make the purchase in a bid to reduce the transport cost for raw materials.

The company has not owned a tanker till date, he added.

CVO Petrochemical signed an agreement with M/S MA Bashir and Brothers to purchase the 207-tonne capacity tanker that is made in Japan.

By buying this oil tanker, the company can ensure better quality, quantity, safety and security for Naphtha, a raw material of its fuel.

It will save a substantial amount of the carrying cost of Naphtha from Eastern Refinery Ltd.

Besides, it will also have the opportunity to generate extra income by carrying other products of other companies, CVO Petrochemical said in a disclosure posted on the DSE website.

In addition, the company can use the oil tanker to carry condensate from mother vessels to its storage tank, saving the carrying cost in this regard at the same time.

CVO Petrochemical produces import substitute fuel products for the country.

The production capacity of its fractionation plant is 50,000 tonnes per year.

The raw material, natural gas condensate, used by the company is produced locally from the Sylhet Gas Fields.

Its main products are motor spirit, high speed diesel, and mineral turpentine.

CVO Petrochemical incurred a net loss of Tk 6.29 crore in 2020-21 while it was Tk 1.28 crore in the negative the previous year.



Locally known as 5 No Ghat, this waterfront by the Bhairab river in Khulna city sees anywhere from 80 to 100 lighter vessels mooring on an average day to drop off goods, including cement and fertiliser, received from bigger ships at sea. In turn, this movement enables employment for around 1,000 day-wage earners here. The photo was taken last week.

PHOTO: HABIBUR RAHMAN

# China's Q4 GDP growth seen hitting 18-month low

REUTERS, Beijing

China's economy likely grew at the slowest pace in 1-1/2 years in the fourth quarter, dragged by weaker demand due to a property downturn, curbs on debt and strict Covid-19 measures, raising heat on policymakers to roll out more easing steps.

Data on Monday is expected to show gross domestic product (GDP) grew 3.6 per cent in October-December from a year earlier - the weakest pace since the second quarter of 2020 and slowing from 4.9 per cent in the third quarter, a Reuters poll showed.

On a quarterly basis, growth is forecast to rise to 1.1 per cent in the fourth quarter from 0.2 per cent in July-September.

For 2021, GDP likely expanded 8.0 per cent, which would be the highest annual growth in a decade, partly due to the low base set in 2020, when the economy was jolted by Covid-19 and stringent lockdowns.

The government is due to release the GDP data, along with December activity data, on Monday at 0200 GMT.

The world's second-largest economy,

**Policymakers have also pledged to step up fiscal support for the economy, speeding up local government special bond issuance to spur infrastructure investment and planning more tax cuts**

which cooled over the course of last year, faces multiple headwinds in 2022, including persistent property weakness and a fresh challenge from the recent local spread of the highly-contagious Omicron variant.

Exports, which were one of the few areas of strength in 2021, are also expected to slow, while the government is seen continuing its clampdown on industrial emissions.

Policymakers have vowed to head off a sharper slowdown, ahead of a key Communist Party Congress late this year.

The central bank is set to unveil more easing steps, though it will likely favour injecting more cash into the

economy rather than cutting interest rates too aggressively, policy insiders and economists said.

Analysts polled by Reuters expect the central bank to deliver more modest easing steps, including cutting banks' reserve requirement ratios the one-year loan prime rate (LPR) - the benchmark lending rate.

Analysts at ANZ said in a note that they saw a possibility that the central bank will cut the rate on its medium-term lending facility (MLF) on Monday.

Policymakers have also pledged to step up fiscal support for the economy, speeding up local government special bond issuance to spur infrastructure investment and planning more tax cuts.

"We might see a larger effect of the monetary and fiscal easing only in the second half of 2022 due to the transmission lags of these policies," analysts at Natixis said in a note.

"The recent monetary easing and the stabilization of PMI (factory activity) have indicated such a direction, but more efforts are needed to boost fixed asset investment." Growth is likely to slow to 5.2 per cent in 2022, according to the poll.

## Beef up negotiation capacity for trade deals

Experts say at ICAB webinar

STAR BUSINESS REPORT

In order to maximise the use of trade agreements to achieve development outcomes, there is an ardent need to strengthen Bangladesh's capacity to effectively participate in multilateral, regional and bilateral trade negotiations, according to speakers at a webinar.

This is where government agencies, political parties, the private sector, academia, and key policymakers, including parliamentarians, must be involved, they said.

Otherwise, trade negotiations will either become impossible or implementation of the outcome will not be possible, they added.

These comments came at a webinar on "International Trade Negotiations: Bangladesh perspective", organised by the Institute of Chartered Accountants of Bangladesh (ICAB) yesterday.

Bangladesh has been pursuing some BIMSTEC, APTA, and a few bilateral free trade agreements, focusing on the need for creating better market access for goods, particularly duty-free, quota-free, and preferential market access in services where the country has potential.

In addition, the elimination of non-tariff barriers is needed, they said.

"Bangladesh is currently pursuing some regional trade agreement negotiations like BIMSTEC, APTA, and bilateral free-trade agreements too," said ICAB President Shahadat Hossain.

He went on to say that there is an ardent need to strengthen the capacities of developing countries, including Bangladesh, to effectively participate in multilateral, regional and bilateral trade negotiations and maximise the use of trade agreements to achieve development outcomes.

Shubhashish Bose, chief executive officer of ICAB and former senior secretary of the commerce ministry, presented the keynote paper in the webinar.

He said Bangladesh has been trying to achieve better market access in other countries through tariff reductions, such as DFQF and removal of non-tariff barriers.

Fazle Kabir, governor of the Bangladesh Bank, and Afzal Hossain, chairman of the Bangladesh Trade and Tariff Commission, also spoke at the webinar.

Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh, Noor Md Mahbulul Haq, additional secretary of the commerce ministry's FTA Wing, and NKA Mobin, vice-president of ICAB, were also in attendance.

**There is an ardent need to strengthen the capacities of developing countries to effectively participate in multilateral, regional and bilateral trade negotiations**

## US oil and gas M&A activity slows in Q4

REUTERS, Washington

Dealmaking in the US oil and gas industry halved in value in the fourth quarter from the third, with the annual total falling short of the pre-pandemic average, according to data published by analytics firm Enverus on Thursday.

Oil producers struck deals worth just \$9 billion in the final three months of 2021, a 50 per cent slump from the third quarter's \$18.5 billion. But the full year totaled \$66 billion, a jump of 25 per cent thanks to a two-year peak in the second quarter.

M&A activity in the industry took a hit in 2020 from the pandemic pushing oil

and gas prices to record lows, although commodity prices made a strong rebound last year, sparking a wave of consolidation.

That has, however, also pushed up valuations, making it difficult for buyers and sellers to agree on a price and leading to fewer but larger deals.

Upstream deals signed in 2020 and 2021 totaled 172 and 179, respectively, compared with an average of nearly 400 deals per year before Covid, according to Enverus data.

The slow end to the "second year of a Covid-influenced market" held total deal values below the \$72 billion average from 2015 to 2019, Enverus said in a press release.

## BB ensures NBFI boards stay aware of anomalies

FROM PAGE B1

to be informed of steps the institution was taking in response to the irregularity.

The BB directive comes at a time when alleged loan scams and siphoning off of funds have crippled a number of NBFIs, eroding public confidence on the sector.

The woes widened after Proshanta Kumar Halder, also known as PK Halder, and his accomplices embezzled a huge sum of money from at least four NBFIs.

Non-performing loans (NPLs) in the NBFI sector rose 16 per cent year-on-year to Tk 10,328 crore in June, data from the central bank showed. The bad loans accounted for 15.38 per cent of the outstanding loans.

A number of NBFIs have recently failed to repay depositors despite their funds reaching maturity.

A BB official said the latest directive was in line with another issued for banks in 2009, which aimed at ensuring that the board of directors become aware of findings of BB inspection.

Similarly, the NBFIs will have to present BB inspection findings to the boards holding the special meeting, said the official.

## Daraz to launch

FROM PAGE B1

users on our platform across our five markets and made huge progress on user experience," Mikkelsen said.

"Our focus for 2022 is to further raise the bar for great customer and seller experience, and to engage more women in the marketplace - both as customers and sellers."

The impact of the pandemic remained a key challenge in 2021.

"At the same time, we are fortunate that more than 70 per cent of our deliveries are carried out through Daraz Express (DEX) - our very own digitalised logistics arm."

So, therefore, the company had greater control over the flow of goods, he said.

"Another huge topic is seller education. As seller sign-ups have accelerated during the pandemic from all areas of the country, we have had to intensify our investments in Daraz

University to educate sellers on e-commerce operations and ensure a good customer experience," Mikkelsen said.

Over the past six years, Daraz has grown so much and the company wants to evolve the brand to showcase how it is shifting gears as a business.

Today, e-commerce in South Asia represents only 2 per cent of total retail sales and in Bangladesh it is less than 1 per cent, said Daraz Bangladesh's Syed Mostahidul Hoq.

"This signifies the vast growth opportunity that we have and the unique position Daraz is in to further elevate the standards of the commerce industry in South Asia, as we leverage our expertise and knowledge in online commerce to drive improvements."

Some of the key ways in which Daraz Bangladesh is redefining the country's e-commerce industry include the launch of DEX

in 2018, Hoq said.

Daraz Bangladesh recognised the logistical challenges facing small businesses in each of the company's markets, including Bangladesh, and built DEX to digitise the e-commerce supply chain for better efficiency, he said.

"Since its launch in 2019, users have quickly shifted to this new payment method. Coupled with the onset of Covid-19, we expect a continuous growth in the adoption of digital payment methods," he said.

Bangladesh has been one of the fastest growing economies in the world in the past decade and is an important market for the company, said Hoq.

The company's purpose is to 'Uplift communities through the power of commerce', and we believe education is the key enabler to truly unlock the potential of Bangladesh as well as the region, he said.

"Our Daraz University,

for example, gives entrepreneurs and SMEs the skills they need to unlock their business online. Through the online learning centre, we offer personalised and localised courses on all facets of the e-commerce ecosystem, and it allows sellers to gain certification from leading universities free of cost."

Over the last 12 months, the company has made significant progress in creating further value at each stage of the customer experience, he said.

With a population of 167 million, a young urban population, and an internet penetration at a rate of 41 per cent, we believe that Bangladesh's digital economy is now at an inflection point, he said.

"In line with this belief, Daraz is committed to working together with the Bangladeshi government to fuel the growth of digitalisation and e-commerce in the country."

## Ice cream market

FROM PAGE B1

invested, creating more than 10,000 opportunities for both direct and indirect employment, Ahmed added.

Seven companies, namely Igloo, Polar, Lovello, Kwaliti, Za n Zee, Bloop, and Savoy are available in the market, catering to a domestic demand of about six crore litres per year.

Igloo is the market leader with a 38 per cent share followed by Polar with 27 per cent, Lovello with 14 per cent, and Kwaliti 9 per cent.

The remaining market share is divided between other companies, according to industry insiders.

There is no credible data regarding total investment in the sector but it is believed to be no less than Tk 3,000 crore.

Ahmed said. However, the per capita consumption is still just 333 millilitres per year, he added.

Ice cream companies collectively offer around 40 variants, including sticks, cups, cones, sorbets, tubs, cakes, and more.

Among these variants, vanilla flavoured ones are the most highly consumed in Bangladesh.

The industry is mainly import dependent for raw materials like milk, milk fat, vegetable fat, and sugar that come from Europe, Australia and New Zealand.

Saiful Islam, general manager of Kwaliti Ice Cream, said sales increased significantly with the slowing coronavirus infection rate but profit margins fell due to higher ingredient and transport costs.

According to him, unhealthy competition among market players is

also affecting business.

AKM Zakaria Hossain, company secretary of Taufika Foods and Lovello Ice-cream, said since the country was not severely hit by Covid-19, the industry was able to quickly recover.

He now hopes the disease will not resurge as it has in the past and the robust sales growth will continue as ice cream is becoming more popular among all ages.

Besides, ice cream is a favoured product among retailers as it is easy to store and make good profit.

"This is helping the market grow rapidly," Hossain said.

Nirmal Chandra Sardar, company secretary of Golden Harvest Ice Cream Ltd (Bloop), said ice cream manufacturers witnessed better sales in 2021 compared to previous years despite having had one of the worst periods the year before.



Scraps of red coloured plastic of the same type left out to dry in the sun at Kamrangirchar prior to being shipped off to be turned into recycled plastic pellets. Informal waste pickers collect discarded plastic for sale to traders, who then sort according to grade, shred and wash those for export. The polymers undergo a melting and compression process to be turned into recycled plastic pellets, ready to be moulded into a new product. The photo was taken recently.

PHOTO: ANISUR RAHMAN

# Go for long-term plans for plastic recycling

A study suggests

## STAR BUSINESS REPORT

Bangladesh should undertake long-term plans to establish large scale plastic recycling and organic waste composting facilities to cope with the future growth of waste generation, suggested a new study revealed yesterday.

Solid wastes generated here comprise mostly organic materials with low calorific values, said the study on "Current Scenario of Circular Economy in Bangladesh: Problems and Prospects".

Circular economies can actually be built by Bangladesh Economic Zones Authority (Beza), said Assistant Prof Mohammad Sujauddin of North South University's environmental science and management department.

He presented a keynote paper on the study at a seminar on the topic organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka.

Regenerative by design to gradually decouple growth from the consumption of finite resources, a circular economy eliminates waste and pollution, circulates products and materials (at their highest value) and regenerates nature.

The resilient systems can be created in special economic zones through strict policy enforcement by the government, mainly command and control in the input, processing and output for each industry, said Sujauddin.

The government's target to bring



industries from metropolitan cities into special economic zones is certainly the first step towards industrial symbiosis for Bangladesh but the environmental and social considerations are essential, he said.

Beza must take precautions through regulatory reforms so as to not face detrimental consequences, he added.

"It is wiser to choose a sustainable track for industrialisation during the primary phase rather than changing the course after facing severe repercussions," said Sujauddin.

The recycle of waste mainly improves quality of life, said Naser Ezaz Bijoy, president of the Foreign Investors'

Chamber of Commerce and Industry. Circular economies also ensure security of raw materials and job creation, he said, adding that recycling waste could create seven lakh jobs as per the European Union.

Bijoy, also chief executive officer of Standard Chartered Bank Bangladesh, said from 2025, some 78 per cent of brands would gradually phase out suppliers not working on a net zero transition.

Net zero refers to a state when the amount of greenhouse gases being produced equals the amount removed from the atmosphere.

Similarly, some 61 per cent of

companies have announced that they will not invest in companies which will not work on a net zero plan, he said.

Economic development should not be at the expense of the environment, said FBCCI President Md Jashim Uddin.

Annual per capita plastic consumption in Bangladesh is seven to eight kilogrammes but in the US and Japan it is over 100 kilogrammes due to the fact that they can manage plastic waste well, he said.

A circular economy mainly ensures reduction, recycling and reuse of goods which also reduce harmful greenhouse gas emissions, said Md Shahab Uddin, minister for environment, forest and climate change.

By 2035, Bangladesh will annually generate 4.62 million tonnes of e-waste, he said.

Bangladesh has been experiencing incredible growth, said Eun Joo Allison Yi, senior environmental specialist of Environment, Natural Resources & Blue Economy Global Practice of the World Bank.

Jobs and industrial growth go hand in hand and cleaner production and policy formulation for safeguarding the environment are important, she said.

Industries Minister Nurul Majid Mahmud Humayun said he would form a separate cell in his ministry for managing waste with focus on circular economy.

The minister also advocated for use of technologies for turning waste into assets for the circular economy.

## NBR examines scope for tax rebate on sukuk income

SOHEL PARVEZ

The National Board of Revenue (NBR) is examining the scope for giving tax rebate on the income of individuals who are investing in the shariah-based sukuk bond, said a senior official of the tax authority yesterday.

It was recommended by the Finance Division, which cited that such a benefit was already in place for treasury bonds.

The government raised Tk 8,000 crore issuing sukuk bonds for the first time in fiscal year 2020-21 to lure investors who are reluctant to put their money into interest-bearing T-bills, bonds and other government securities.

During the current fiscal year, the government borrowed Tk 5,000 crore by sukuk, said officials.

The aim was also for making use of excess liquidity that Shariah-based banks were sitting on for years as they were unable to invest the funds in the T-bills and bonds.

A sukuk is an Islamic financial certificate, similar to a treasury bond and structured to generate returns in compliance with Islamic finance principles.

In its letter to the NBR in October last year, the Finance Division said sukuk was an Islamic security issued by the government.

But there is no provision for tax benefits for individuals' investment in the tool, it said, suggesting on providing the opportunity of tax rebates such as that for treasury bonds.

## Bhutan GDP growth to rebound to 5.1pc World Bank says

ANN, Thimphu

The Bhutanese economy is expected to grow by 5.1 per cent in the financial year 2021-22, according to the World Bank's "Global Economic Prospects" report, released on January 11.

The report attributes the projected economic growth to a rebound in investment and external demand (exports).

Bhutan's growth, it states, has been "revised down" because of Covid-19 protocols, delays in infrastructure projects caused by migrant labour restrictions, and a stagnant tourism sector.

According to economists, a strong GDP growth has a large impact on people's livelihoods, as it fuels job creation and income increases, which lead to increased spending by consumers on goods and services.

However, an official familiar with the issue said that the projected 5.1 per cent growth would not be enough for the economy to rebound to the pre-pandemic size.

"The impact of the pandemic has been so strong that the economy needs a large amount of growth to rebound to its pre-pandemic size," he said. Bhutan's economy, he said, was one of the hardest hit in the region because of its small size and the strict Covid-19 measures.

The GDP dropped to Nu 171.57 billion (B) in 2020 from Nu 178.56B in the previous year. The GDP growth rate dropped to an all-time low of -10.08 per cent in 2020.

The report states that contact-intensive sectors, like trade and hotels are still below pre-pandemic levels.

The World Bank's projection is higher than the government's estimate.

Prime Minister Dr Lotay Tshering in a recent meeting with the press said that the economic growth in 2021 would be neutral or zero per cent.

However, the government's estimation is for the calendar year 2021, while the World Bank's projections for the fiscal year 2021-22.

According to the World Bank report, the economic growth of Bhutan's neighbour, India, is expected to be 8.3 per cent in the current financial year and 8.7 per cent in 2022-23.

## US grocery shortages deepen as pandemic dries supplies

REUTERS

High demand for groceries combined with soaring freight costs and Omicron-related labor shortages are creating a new round of backlogs at processed food and fresh produce companies, leading to empty supermarket shelves at major retailers across the United States.

Growers of perishable produce across the West Coast are paying nearly triple pre-pandemic trucking rates to ship things like lettuce and berries before they spoil. Shay Myers, CEO of Owyhee Produce, which grows onions, watermelons and asparagus along the border of Idaho and Oregon, said he has been holding off shipping onions to retail distributors until freight costs go down.

Myers said transportation disruptions in the last three weeks, caused by a lack of truck drivers and recent highway-blocking storms, have led to a doubling of freight costs for fruit and vegetable producers, on top of already-elevated pandemic prices. "We typically will ship, East Coast to West Coast - we used to do it for about \$7,000," he said. "Today it's somewhere between \$18,000 and \$22,000."

Birds Eye frozen vegetables maker Conagra Brands' CEO Sean Connolly told investors last week that supplies from its US plants could be constrained for at least the next month due to Omicron-related absences. Earlier this week, Albertsons CEO Vivek Sankaran said he expects the

supermarket chain to confront more supply chain challenges over the next four to six weeks as Omicron has put a dent in its efforts to plug supply chain gaps.

Shoppers on social media complained of empty pasta and meat aisles at some Walmart stores; a Meijer store in Indianapolis was swept bare of chicken; a Publix in Palm Beach, Florida was out of bath tissue and home hygiene products while Costco reinstated purchase limits on toilet paper at some stores in Washington state.

The situation is not expected to abate for at least a few more weeks, Katie Denis, vice president of communications and research at the Consumer Brands Association said, blaming the shortages on a scarcity of labor.

The consumer-packaged goods industry is missing around 120,000 workers out of which only 1,500 jobs were added last month, she said, while the National Grocer's Association said that many of its grocery store members were operating with less than 50 per cent of their workforce capacity.

US retailers are now facing roughly 12 per cent out of stock levels on food, beverages, household cleaning and personal hygiene products compared to 7-10 per cent in regular times.

The problem is more acute with food products were out of stock levels are running at 15 per cent, the Consumer Brands Association said.



Consumers have continued to stock up on groceries as they hunker down at home to curb the spread of the Omicron-variant.

PHOTO: AFP