

Food prices jump 24pc to hit record high

REUTERS, Rome

World food prices hit a record high in February, led by a surge in vegetable oils and dairy products, to post a 24.1 per cent increase year-on-year, the UN food agency said on Friday.

The Food and Agriculture Organization's (FAO) food price index, which tracks the most globally traded food commodities, averaged 140.7 points last month against a downwardly revised 135.4 in January. That figure was previously given as 135.7.

Higher food prices contributed to a broader surge in inflation as economies recover from the pandemic and the FAO has warned the higher costs are putting poorer populations at risk in countries reliant on imports.

FAO economist Upali Galketi Aratchilage said concerns over crop conditions and export availabilities provided only a partial explanation to the increase in global food prices. "A much bigger push for food price inflation comes from outside food production, particularly the energy, fertilizer and feed sectors," he said. "All these factors tend to squeeze profit margins of food producers, discouraging them from investing and expanding production."

Data for the February report was mostly compiled before the Russian invasion of Ukraine. Concerns over tensions in the Black Sea area were already weighing on agricultural markets even before the violence flared, but analysts warn a prolonged conflict could have a major impact on grain exports.

FAO said its vegetable oils index rose 8.5 per cent month-on-month in February to chalk up another record high, propelled by rising palm, soy, and sunflower oil prices. Ukraine and Russia account for about 80 per cent of global exports of sunflower oil.

PENALISED INSURERS

SOURCE: IDRA

Meghna Insurance Company	Tk 1.30 crore (being paid in instalments)
Eastern Insurance Company	Tk 30.50 lakh
Federal Insurance Company	Tk 19 lakh
Karnaphuli Insurance Company	Tk 13 lakh
Peoples Insurance Company	Tk 13 lakh
Bangladesh General Insurance Company	Tk 10 lakh
Islami Commercial Insurance Company	Tk 2 lakh (yet to be paid)
Green Delta Insurance Company	Tk 1 lakh



IDRA fines 8 insurers over Tk 2.18cr

SUKANTA HALDER

The Insurance Development and Regulatory Authority (IDRA) has slapped eight insurance companies with a staggering fine of over Tk 2.18 crore for irregularities, fraudulence, misappropriation of funds, excess agent commissions and other misconduct.

Meghna Insurance Company was fined the highest, Tk 1.30 crore, while Green Delta Insurance Company the lowest, Tk 1 lakh.

The others are Eastern Insurance Company (Tk 30.50 lakh), Federal Insurance Company (Tk 19 lakh), Karnaphuli Insurance Company (Tk 13 lakh), Peoples Insurance Company (Tk 13 lakh), Bangladesh General Insurance Company (Tk 10 lakh) and Islami Commercial Insurance Company (Tk 2 lakh).

Only Islami Commercial Insurance Company is yet to pay the fine while Meghna Insurance Company is paying it in instalments.

The issue came up in an IDRA report for 2021.

"We hire an audit firm every year as a part of our regular work," SM

Shakil Akhter, executive director and spokesperson of the IDRA, told The Daily Star.

"They audited the head office and branch level office accounts of the companies over a period of three months," he said.

Charges include irregularities, fraudulence, misappropriation of funds, excess agent commissions and other misconduct. Meghna Insurance Company was fined the highest, Tk 1.30 crore, while Green Delta Insurance Company the lowest, Tk 1 lakh

A hearing is held on the findings and if the explanations are not satisfactory, the penalties are imposed, he added.

Such violations erode people's trust in the sector, apprehends Akhter.

Meghna Insurance Company was found to have been involved in irregularities,

fraudulence and fund misappropriation.

Its additional managing director and chief executive officer (CEO), Mohammad Abu Bakar Siddique, acknowledged that the fines were imposed against 130 complaints dating back between 2011 and 2018.

"There is some truth to the allegations. Due to the market situation in the insurance industry, there was unhealthy competition. There is no denying it," he said.

He claimed that anywhere from Tk 60 lakh to Tk 70 lakh of the fine had been paid so far.

Islami Commercial Insurance Company was penalised for doing business on credit.

On why the fine was yet to be paid, its managing director and CEO, Mir Nazim Uddin Ahmed, explained that the fine was imposed on a branch manager who had resigned instead of giving an explanation.

"We wrote a letter to the IDRA for a decision. What can we do? We have not yet received any decision from the IDRA," he said.

In Bangladesh, there are 33 life insurance and 46 non-life insurance companies active. Of them, 49 are listed with the stock market.

5G auction on March 31

FROM PAGE B1

"After the auction, the private operators will launch 5G across the country," said Subrata Roy Maitra, vice chairman of the BTRC.

The rollout of 5G has been part of the current government's election manifesto in 2018. In December, it introduced the service through state-run Teletalk in six areas of the country. Shahed Alam, chief corporate and regulatory officer of Robi Axiata Ltd, says they are yet to receive the 5G guideline.

"In this backdrop, it is quite undesirable to expect that we will make such an important investment decision in almost no time and that too without even having a look at the 5G guideline."

With regards to the spectrum price, Alam says 5G auction should not be treated in the same manner as 2G, 3G or 4G spectrum.

"In order to launch

viable 5G service, we need huge amount of spectrum. Given the proposed auction rate, it would be impossible to acquire the amount of spectrum we need to introduce 5G in an effective manner."

Ankit Sureka, head of corporate communications and sustainability at Banglalink, said: "We believe that the proposed auction date is not practical, as many preparatory activities are required to participate in a spectrum auction."

Hossain Sadat, acting chief corporate affairs officer of Grameenphone, said they would like to have consultations with the regulator to address certain concerns.

Asked about the operators' dissatisfaction, Maitra said the government has taken the decision and it wants to roll out 5G now.

"Besides, it's not true that they have got very little time."

Lack of technology, research

FROM PAGE B1

Munna said farmers should be ensured a profit of at least 20 per cent on their jute production alongside availability of local high-yielding seed varieties as 95 per cent of the seeds were currently imported.

The farmers need high yielding jute as the existing varieties are currently not commercially viable for the cultivation of jute on their land, he said.

Munna alleged that although the government created the JDPC, the organisation lacked an adequate budget and has no legal authority to strongly implement any kind of decision.

"For this reason the diversification of jute is slow," he said.

According to the managing director, local jute mills process 60 lakh bales of jute out of the 80 lakh bales produced annually for export-oriented jute products alongside domestic consumption.

Of this amount, only five lakh bales are used locally while the rest 8 lakh bales to 15 lakh bales are exported in its raw form to Germany, South Korea and India. Munna said the demand for jute products was increasing globally due to rising awareness about the environment.

"We need high-value addition products instead of traditional jute products or export of raw material to bring more economic value from the jute sector," he added.

Rubina Akhter Munni, owner of Design by Munni, a jute product manufacturer and exporter, said she received export orders from the United Arab Emirates,

Qatar and Canada on a small scale.

Even if Munni received bulk orders, she would not be able to cater to those due to her limited production capacity.

She also alleged that banks were uninterested in providing support to the jute sector as their previous experience in loan recovery was not satisfactory.

"I have taken part in different fairs at home and abroad and the experience was positive about the rising demand of jute products at home and abroad," Munni noted.

Mohammad Ali, liaison officer of the JDPC, said there were over 800 small-and-medium-scale jute enterprises across the country.

According to him, the JDPC has been providing skills upgradation training as well as designer, artisan and entrepreneurship training for new and existing entrepreneurs to help diversify the country's jute products.

The JDPC also organises fairs and exhibitions at home and abroad to create awareness about the use of environmentally-friendly jute products.

"We also organise buyer-seller meetings, exposure trips, study tours, workshops, seminars, and idea exchanges," Ali said.

The JDPC basically aims to help jute product manufacturers leave their traditional goods for more diversified products.

However, he said there was a big challenge facing jute diversification as the JDPC has no legal foundation or budget for running diversification activities.

Although is huge potential for expanding the market with high-value products, there is a lack of technology and financial support from financial institutions.

Ali went on to say that now jute entrepreneurs manufacture and export 282 types of diversified jute products, including shopping bags, shoulder bags, wine bags, travel bags, school bags, garden bags, golf bags, Christmas decorations and wedding bags.

According to data from the Export Promotion Bureau, the jute sector earned \$1161.48 million from the export of jute and jute goods in fiscal 2020-21 whereas it was \$882.35 million in the previous fiscal year.

Meanwhile, the government has started handing over jute mills to the private sector as a part of its efforts to modernise the state-run enterprises that deal with the natural fibre.

Bangladesh Jute Mills Corporation (BJMC) shut 25 state-run jute mills to put an end to the heavy losses they had been incurring for years.

Focus on high-value

FROM PAGE 1

He urged the entrepreneurs in the garments industry to diversify their investments to improve the situation.

The FBCCI president said most entrepreneurs are interested in investing in the cotton-based garment and spinning sectors.

But now the demand for manmade fibre clothing is increasing in the world market, and the price is also higher, he added.

Brac Bank to host summit on values-based banking

STAR BUSINESS REPORT

Brac Bank will host the 14th annual meeting of the Global Alliance for Banking on Values, a network of the most environmentally progressive and socially inclusive banks in the world.

The three-day event on "Banking for Good in an Age of Change - How Values Can Secure a Positive Future" starts on March 8. The event will bring together chief executive officers and their co-workers from values-based banks to explore their challenges and opportunities in an era of rapid change.

Values-based banks are independent financial organisations that use money to deliver positive social and environmental impact.

They are private banks, credit cooperatives, microfinance institutions, credit unions, and community banks, serving more than 60 million customers in 44 countries and holding over \$200 billion in assets. Brac Bank co-founded the network in 2009.

The event offers a unique opportunity to learn about the Asia Pacific region and Bangladesh in particular.

Brac Bank will show their peers how they create a positive impact in the country through their focus on finance for small and medium-sized enterprises (SMEs).

A series of special learning journeys will show the stories behind some of Brac Bank's customers and the impact they have in the country.

The annual meeting includes a rich mix of high-profile speakers on relevant topics, such as climate change, financial inclusion and digitalisation.

Keynote speakers include climate expert, futurologist and co-author of "Transformation is feasible!", Jørgen Randers; former Blackrock investment banker and NGO "Rumie Initiative" Founder, Tariq Fancy; leading economist and director of the London School of Economics, Baroness Minouche Shafik; and development economist and former governor of the central bank of Bangladesh, Dr Atiur Rahman.

The opening and closing sessions will provide a platform for leading Bangladeshi experts, offering insights into Bangladesh's key economic and social developments, and providing context for the meeting.

At the inaugural ceremony, Bangladesh Parliament Speaker Shirin Sharmin Chaudhury will highlight the remarkable socioeconomic progress as the South Asian country celebrates 50 years of independence.

To close the annual meeting, Fazle Kabir, governor of Bangladesh Bank, will provide a closing perspective on the Bangladesh economy in a global context and dwell on prevailing conducive environment as a destination for foreign direct investment.

Values-based banks are independent financial organisations that use money to deliver positive social and environmental impact

Recycling plastic

FROM PAGE B1

"We import the fibre as per the requirement of international retailers and brands," said Rahman, adding that woven, activewear like jerseys, and outerwear are made from recycled plastic yarn.

He says a company can collect plastic bottles from the seabed of the Bay of Bengal to process them into yarn to be used in making garment items.

Monsoor Ahmed, chief executive officer of the BTMA, says local mills collect plastic bottles and turn them into chips and

yarn as the demand for plastic yarn is growing worldwide because of the comfort, durability and longevity of the dresses made from such raw materials.

As a result, international buyers are asking suppliers to add 25 per cent to 30 per cent recycled plastic yarn to cotton yarn.

The BTMA urged the National Board of Revenue to waive the duty on the imported recycled plastic fibre and yarn so that local producers can grab more share of the global recycled garment market.

Lankan firm eyes

FROM PAGE B1

With Agora's ones, there are around 300 superstore outlets, including 208 of Shwapno, the largest retail chain in the country, said sector insiders.

Overall, supermarket chains register around Tk 3,000 crore in annual turnover, which is still insignificant considering the fact that wholesale and retail trade account for just 15 per cent of the country's gross domestic product, according to operators.

Industry insiders said

the sector would grow fast if a flat rate of value added tax (VAT) was imposed across the retail trade.

Currently customers have to pay a 5 per cent VAT on purchases from supermarket and large stores.

But they do not need to pay it when buying groceries from kitchen markets or neighbourhood stores, a discrepancy that keeps many customers away from superstores.

Softlogic says it encompasses a multi-

brand, multi-channel strategy.

Its operations in Sri Lanka include branded apparel, consumer electronics, mobile handset retailers and distribution, supermarkets and quick service restaurants, according to its disclosure at the CSE.

The group employs over 11,000 people in Sri Lanka and Australia and operates an asset base of over \$750 million to generate an annual turnover of more than \$420 million, it said in its website.

