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BUSINESS

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INDUSTRY AT A GLANCE

New ideas, businesses leading to increased demand

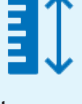
Mainly used by businesses to pick up or deliver small consignments


Five or six of the 14-16 automakers in the country have assembly plants


Rest are sole distributors or importers of select international brands


Indian firms secured foothold by entering Bangladesh in 1980s


BY THE NUMBERS


Light commercial vehicle market size was Tk 1,200cr in 2021


Annual sales were 11,000 units for past 3 years


LCVs control 42% of commercial vehicle market

Market share peaked in 2021 at 45%

Energypac assembles 2,500 LCVs annually

Nitol-Niloy controls 31pc of commercial vehicle market

Commercial vehicle market is worth Tk 4,300cr now

Chinese and Indian brands cater to 83% of LCV demand

Light commercial vehicle market expanding

JAGARAN CHAKMA

The market for light commercial vehicles (LCVs) is growing steadily thanks to the rising number of small and medium enterprises and young entrepreneurs running businesses all over Bangladesh, according to market players.

The LCV market size reached about Tk 1,200 crore in 2021 with annual sales averaging 11,000 units for the past three years.

LCVs control 42 per cent of the commercial vehicle market on average, but in 2021, the segment's market share edged up to 45 per cent on the back of 6 per cent growth in sales, industry analysts said.

"The demand for LCVs is growing as the number of SMEs and online businesses in the country has risen in line with the receding pandemic situation," said Humayun Rashid, executive director of Energypac, the sole local distributor of Chinese automaker JAC Motors.

Besides, a number of expatriates who returned home amid the ongoing coronavirus pandemic are purchasing LCVs, such as small covered vans and pickup trucks, to use them for commercial purposes.

"This had led to the increased

demand for these vehicles," Rashid added.

Light commercial vehicles are mainly used by businesses to pick up or deliver small consignments but they also double as human haulers.

Rashid went on to say that with the expansion of poultry and agro-based businesses in the northern part of Bangladesh, many entrepreneurs are

engaged in either sending their products all over the country or supplying feed and other inputs.

In both cases, the entrepreneurs make use of LCVs to pick up or make deliveries. Energypac's assembly plant cranks out about 1,000 pickup trucks and 1,500 small covered vans per year.

Rashid says JAC Motors manufactures cheaper and more fuel-efficient vehicles thanks to the use of modern engines

built by Japanese brand Isuzu Motors. So, customers prefer these vehicles for their superior output and commercial viability.

"The younger generation is doing business with new ideas for different sectors, such as e-commerce and agro products, which are growing rapidly," said Abdul Matlub Ahmad, chairman of Nitol-Niloy Group.

"For this reason, they are purchasing LCVs like one to three-tonne trucks to deliver products."

Nitol-Niloy Group, the sole distributor of India's Tata Motors, leads the domestic commercial vehicle segment with a 31 per cent market share.

Ahmad went on to say that most of the brands are doing well in the LCV segment as there is an emerging trading class in urban and rural areas.

"This trading class is purchasing light commercial vehicles across Bangladesh," Subrata Ranjan Das, executive director of ACI Motors, which distributes Chinese commercial vehicle brand Foton in Bangladesh, said the demand for LCVs is rising fast riding on growing small businesses and emerging traders in line with steady economic growth.

Regarding the future of LCVs in Bangladesh, he said the gradual development of four and six-lane highways will result in higher sales.

For example, the completion of the Padma Multipurpose Bridge will connect the south-western districts of the country with the northern and eastern regions.

"This will help the LCV market grow," Das said, adding that the new automobile policy should support the industry by setting different rules on emissions, standards, import of reconditioned vehicles, and so on.

Indian automakers such as Tata, Mahindra, Ashok Leyland and Chinese brands like JAC and Foton cater to 83 per cent of the domestic LCV market while other brands cater to the rest.

However, the presence of Japanese and Chinese truck manufacturers is very insignificant as Indian companies



Fair on jute's many uses begins

STAR BUSINESS REPORT

A three-day exhibition on the diversified use of jute began in Dhaka yesterday with the objective of encouraging people to use products made out of the environmentally-friendly fibre.

The event is taking place a year past being put on hold in 2021 in the face of rising infections amidst the coronavirus pandemic.

Some 33 organisations are participating in the fair with a diverse array of products.

"Hold as many fairs as possible. This will increase demand for jute goods and boost sales of entrepreneurs," said Textiles and Jute Minister Golam Dastagir Gazi inaugurating the fair at Jute Diversification Promotion Centre near



Textiles and Jute Minister Golam Dastagir Gazi goes round a three-day fair organised by the Jute Diversification Promotion Centre on its premises in Dhaka. The event began yesterday, marking National Jute Day 2022, to showcase the diversified use of jute fibre.

Exports to Russia, Ukraine hit snag

166 TEUs of goods left lying in ICDS

REFAYET ULLAH MIRDHA and DWAIPAYAN BARUA

Russia and Ukraine-bound exports, especially garments, are now faced with an uncertain future as shipping lines are understandably not too eager to carry goods to war zones.

Major container shipping companies have temporarily suspended accepting bookings to both countries since Russia's invasion of Ukraine on February 24.

This has left some 166 TEUs (twenty-foot equivalent units) of containers packed with garment items lying idle over the past couple of days in 19 off docks in Chattogram.

The exporters are also worried over whether they would be able to secure payments from retailers and brands of the two countries for their efforts. This includes those who already exported goods to the destinations prior to the invasion.

Danish shipping giant Maersk, Switzerland-based MSC and France's CMA CGM on February 24 released operation updates announcing suspension of vessel calls to Ukraine until further notice.

READ MORE ON B3

NBR extends duty benefit for raw sugar import

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has extended its reduced tariff benefit for importing raw sugar until May 15 so that consumers can buy the sweetener at reasonable prices during the upcoming month of Ramadan.

As such, refiners can import raw sugar by paying 20 per cent regulatory duty instead of the previous 30 per cent, according to a notification from the NBR issued yesterday.

The move comes after the previous concessionary benefit for importing raw sugar with 20 per cent regulatory duty expired on February 28.

"We have extended the reduced regulatory duty benefit to help keep sugar prices within the purchasing capacity of general consumers," an NBR official said.

In its notification, the revenue authority informed that the benefit came into effect from March 1.

READ MORE ON B3

Audit firms asked to report NBFi anomalies instantly

AKM ZAMIR UDDIN

The Bangladesh Bank has instructed chartered accounting firms to immediately inform it about any major financial anomalies they unearth while carrying out audits into non-bank financial institutions (NBFIs).

On February 28, the central bank issued a letter to NBFIs where it gave the instruction to 43 chartered accountant firms in tandem.

The firms are listed with the BB to audit into 34 NBFIs operating in the country. A copy of the letter was also sent to the firms.

The move comes as a good number of NBFIs are struggling to survive due to large-scale scams committed in recent years. But the inspection teams of the central bank could not detect the scandals in time.

Had there been sufficient time, the central bank could have moved to protect the non-banks from the ongoing bad state of affairs, said a BB official.

READ MORE ON B3

STOCKS		
	DSEX ▲	CSCX ▼
	0.86% 6,638.63	0.67% 11,667.62

COMMODITIES			AS OF FRIDAY
	Gold ▲	Oil ▲	
	\$1,970.67 (per ounce)	\$115.06 (per barrel)	

CURRENCIES					STANDARD CHARTERED BANK
	USD	EUR	GBP	CNY	
BUY TK	85.05	92.04	112.38	13.22	
SELL TK	86.05	95.84	116.18	13.90	

ASIAN MARKETS					FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
	▼ 1.40% 54,333.81	▼ 2.23% 25,985.47	▼ 0.83% 3,226.78	▼ 0.96% 3,447.65	

Russia to let banks cut back reporting results

AFP, Moscow

Russia's central bank announced Sunday it was allowing lenders in the country to reduce the frequency of their financial disclosures, a measure it said was necessary to mitigate sanctions fallout.

Moscow has been hit with a damaging package of financial and cultural penalties by Western countries in the wake of Russia's military incursion into Ukraine.

The central bank in recent days has taken unprecedented measures, including capital controls, to shore up the struggling economy and the ruble.

"The Bank of Russia decided to temporarily reduce the volume of publication of financial statements of credit institutions," it said in a statement on its site.

"This was done to limit the risks of credit institutions associated with the sanctions imposed by Western countries." It added, however, that financial institutions would still be required to submit reports to it, a step it said would "make it possible to fully exercise effective supervision over their activities and analyse the sector."

Puma closes its stores in Russia

AFP, Frankfurt

The German sports company Puma said Saturday it would temporarily shutter its shops in Russia, following other retailers and businesses in suspending their operations after the invasion of Ukraine.

The outfitter, based in Herzogenaurach in Germany, said in a statement it had "decided to suspend operations of all its stores in Russia", after a similar announcement earlier on Saturday by the Spanish clothing giant Inditex, owner of Zara.



Pots, used for cooking rice and making puffed rice, stacked for sale at wholesale for Tk 25 a piece in Barishal's Bakerganj upazila. A whole community of artisans is engaged in the profession in Moheshpur village, shaping clay by hand before drying it in the sun and baking it in outdoor ovens overnight. Retail prices in markets around the country, including Dhaka, Cumilla, Noakhali and Khulna, can reach as much as Tk 70. The photo was taken at the end of last month.

PHOTO: TITU DAS

Lack of data, research behind rural knowledge gaps: experts

STAR BUSINESS REPORT

There are huge knowledge gaps on rural issues including its transformations and agricultural potentials due to a lack of up-to-date data and adequate research, said experts yesterday.

These gaps should now be reduced to turn those areas into the future drivers of Bangladesh's growth, they told a webinar on "How rural is rural Bangladesh?" organised by the Power and Participation Research Centre (PPRC).

PPRC Executive Chairman Hossain Zillur Rahman said there were many untapped potentials in rural areas that should be focused on.

He said there was a big knowledge gap on rural transformations. "I think it is very important for researchers to come back to restudy rural dynamics. We need new analysis to determine the emerging middle class in the rural areas," he said.

Besides, studies should be conducted on other areas, such as on determining the quality and contributions of

rural infrastructure and potentials of agriculture, Rahman said.

He said there were also issues of the political and economic powers in rural areas. The private sector is joining to this end, enabling rural transformation as a whole new actor, he said.

Rahman said the studies should also be focused on how the private sector was faring and what were their dynamics. "I think understanding these issues is very essential," he said.

He said farmers have a different connotation and presence in India. "Even they have a big presence in politics. But there is no affiliation of farmers in our country for the contemporary period," he said.

"So there is an issue regarding the socio-political-economic category. I think it is an important issue of the knowledge gap," he said.

Rahman said there was huge untapped potentials in the rural context. "To tap the resources, we have to connect. Scientists, policymakers and investors - all have to come together," he said.

"We need to rethink rural sector as the future growth driver. It seems this is the time to rethink the issue. It (rethinking) may be happening at the field level but not at the policy level as much yet," he said.

Highlighting other issues that need to be addressed, he said there was a lot of talk but the dots were not being connected. "I think we should have a collective agenda to get the potential of the rural through appropriate research and articulation," he said.

Taking part in the discussion, Geof Wood, professor emeritus of international development at the University of Bath in the UK, said he completely agreed that there was a serious knowledge gap on different rural issues.

MA Sattar Mandal, professor emeritus at Bangladesh Agricultural University; Ahsan Khan Chowdhury, chairman and chief executive officer of Pran-RFL Group, and faculty members Sanjida Akter of the University of Dhaka and Abul Hossain of Green University also spoke as panel discussants.

Holtmann IFC's new country manager

STAR BUSINESS DESK

The International Finance Corporation (IFC), a member of the World Bank Group, has appointed Martin Holtmann as the new country manager for Bangladesh, Bhutan and Nepal.

Based in Dhaka, Holtmann will focus on developing new opportunities for private sector investments and increasing IFC's impact investments as the region recovers from the impacts of Covid 19.

He succeeds Wendy Werner, who has taken on a new role as IFC's country head in India, after successfully serving as the Bangladesh, Bhutan and Nepal country manager for a six-year term, a press release said.

Holtmann, a German national, joined the IFC in 2007.

He worked as a lead financial specialist at the Consultative Group to Assist the Poor in the World Bank, and as managing director of a consulting firm in the private sector before joining the IFC.

"Martin's background experience will be invaluable as the IFC deepens its work in Bangladesh, Bhutan and Nepal," said Hector Gomez Ang, regional director for South Asia at the IFC.

"I am very pleased to be working in Bangladesh, Nepal and Bhutan. These countries have shown remarkable resilience in the face of strong economic headwinds and fiscal pressures and I look forward to redoubling IFC efforts to create markets and promote sustainable development," said Holtmann.

TVS Raider motorcycle now in Bangladesh

STAR BUSINESS DESK

TVS Motor Company, an Indian multinational automotive company that manufactures two-wheelers and three-wheelers, launched its feature-rich TVS Raider in the 125cc segment for young customers in Bangladesh.

It has an LCD digital speedometer, 3Vi-Touch Start, animalistic LED headlamp and first-in-segment under-seat storage, a press release said.

"For our millennial and digitally native Gen Z customers, we have consistently introduced products with best-in-class features and superior technology. I am certain that young customers in Bangladesh will admire the distinctive ride character of the TVS Raider," said HG Rahul Nayak, head of international business at TVS Motor Company.

"Bangladesh's Gen Z is ready for TVS Motor's power-packed, stylish and the true 'Wicked Ride' that is the TVS Raider," said J Ekram Hussain, managing director of TVS Auto Bangladesh Ltd.



Syed Mahbubur Rahman, managing director of Mutual Trust Bank (MTB), and Kamal Quadir, chief executive officer of bKash, jointly launched a 24-hour digital management service for the latter's distributors at the bank's corporate head office in Dhaka recently. Chowdhury Akhtar Asif, additional managing director of MTB, Md Khalid Mahmood Khan, deputy managing director, Mohammad Nazmul Hossain, group chief financial officer, Khalid Hossain, head of digital banking division, Ali Ahmed, chief commercial officer of bKash, Mohammad Azmal Huda, chief product and technology officer, and Moinuddin Mohammed Rahgir, chief financial officer, were also present.

PHOTO: MTB



Kazi Akram Uddin Ahmed, chairman of Standard Bank, presides over the bank's 355th board meeting at the MCCI building in Dhaka recently. Ferdous Ali Khan, vice-chairman of the bank, Kamal Mostafa Chowdhury, Ferozur Rahman, Md Monzur Alam, SAM Hossain, Mohammed Abdul Aziz, Mohammed Shamsul Alam, Gulzar Ahmed, Md Zahedul Hoque, Mohammed Yousuf Chowdhury, Kazi Khurram Ahmed, AKM Abdul Alim, Md Abul Hossain, directors, Najmul Huq Chaudhury, Golam Hafiz Ahmed, independent directors, and Khondoker Rashed Maqsood, managing director, were present.

PHOTO: STANDARD BANK

Global banks face

FROM PAGE B4

exit is not possible for a financial services firm," said Dan Awrey, a professor at Cornell Law School who specializes in financial regulation.

Under normal circumstances, banks would not be able to exit a country without the consent of its regulators and central bank. They would also need a willing buyer to take control of their loans and other commitments, experts say.

"You can't just unilaterally walk away from lending commitments and other types of financial claims," said Awrey.

"There's somebody on the other side and that will make it much more complicated."

Of particular concern was an order from the Kremlin dated March 1, prohibiting rouble lending and credit to persons of foreign states that commit unfriendly acts, one banking source said.

Banks would need to work out the implications of that for their operations and whether it prohibited overseas companies in Russia from countries that sanctioned Moscow - from accessing rouble credit facilities, which would deal a blow to them being able to operate in the country, that source said. The source questioned whether foreign banks could continue to operate in Russia given the circumstances.

Global banks are also trying to figure out how the US sanctions on the Russian Central Bank may affect related infrastructure and market plumbing, and are being very cautious where they identify a nexus with the central bank, according to two US-based industry sources. That could also make global banks reluctant to transact in roubles.

Sanctions have effectively ended any realistic chance of global banks selling Russian

assets, said one senior banking source who asked not to be named. That leaves winding down assets or writing them off as the only viable options, the source said, which would involve a financial hit.

One option being assessed is whether banks could be sued by clients in Russia if they walk away from commitments, that banking source said.

Some banks could look to keep skeleton operations in Moscow, rather than pulling out entirely, the same source said. That would avoid the complication of having to re-apply for a banking license and build a business from scratch in the future.

US banks with Russia operations declined comment or did not respond to comment.

Citigroup, the US bank most heavily exposed to Russia, is already experiencing how difficult it is to leave.

War in Ukraine

FROM PAGE B4

ports and airports closed and damaged, and many roads and bridges damaged or destroyed.

"While it is very difficult to assess financing needs precisely at this stage, it is already clear that Ukraine will face significant recovery and reconstruction costs," it said. The board was expected to consider Ukraine's request for \$1.4 billion in emergency financing as early as next week.

Ukraine also has \$2.2 billion available through

June under an existing stand-by arrangement, the IMF said last week.

Moldova and other countries with close economic ties to Ukraine and Russia were at "particular risk" of scarcity and supply disruptions, the IMF said.

It said IMF staff were actively discussing funding options with Moldova, which has requested an augmentation and rephasing of its existing \$558 million IMF loan programme to help meet the costs of the current crisis.

Stocks tumble

FROM PAGE B4

by BD Thai Food, CAPM IBBL Mutual Fund, RN Spinning Mills, and Jute Spinners.

Shurwid Industries shed the most, dropping 7.19 per cent, followed by Sunlife Insurance, Bangladesh Shipping Corporation, Prime Insurance, and Bangladesh General

Insurance. The Chittagong Stock Exchange (CSE) also dropped yesterday. The Caspi, the main index of the port city bourse, dropped 127 points, or 0.65 per cent, to hit 19,444 by the end of the day.

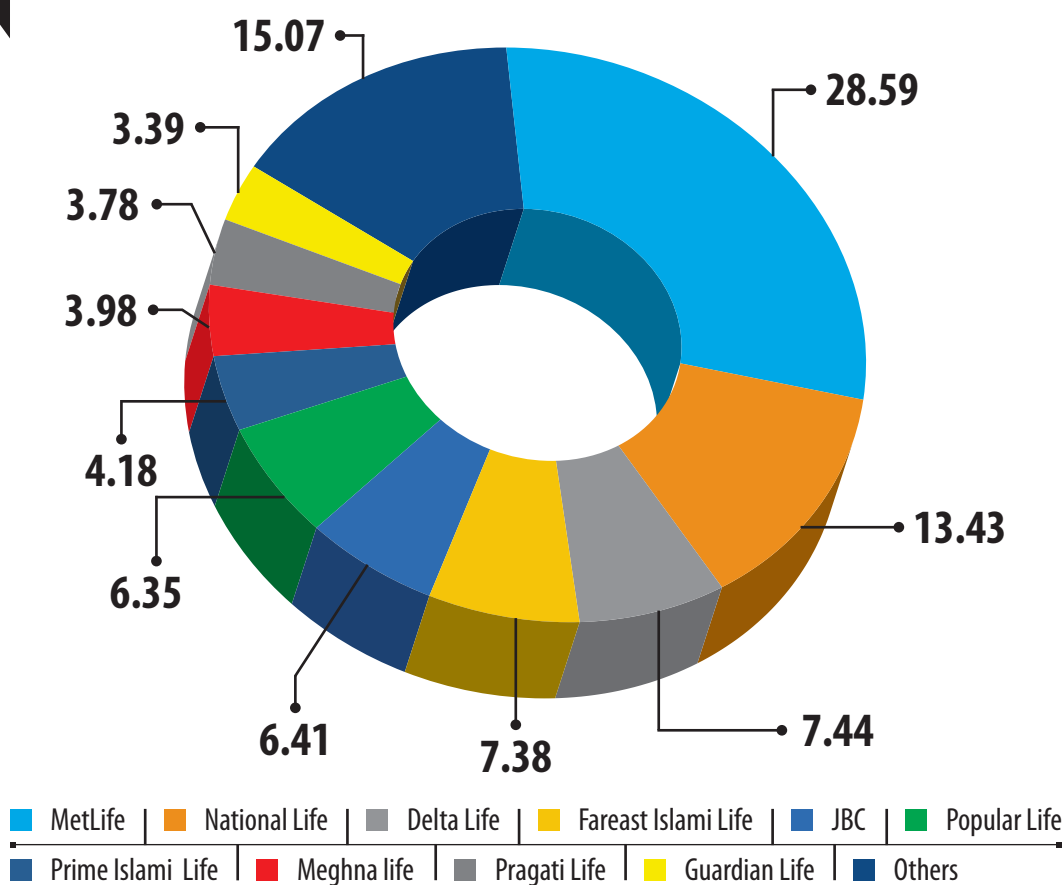
Among the 274 traded stocks, 85 rose, 158 fell and 31 remained unchanged.



Md Omar Faruk Khan, additional managing director of Islami Bank Bangladesh Ltd (IBBL), inaugurates the bank's Business Development Conference for Dhaka East Zone, Dhaka Central Zone and corporate branches of Dhaka City at the Institution of Diploma Engineers Bangladesh in Dhaka recently. Md Altaf Hossain, deputy managing director of the bank, and Md Maksudur Rahman, senior executive vice-president, were present.

PHOTO: IBBL

MARKET SHARE OF LIFE INSURERS In %



Ten life insurers hold 85pc of the market

SUKANTA HALDER and AHSAN HABIB

Ten insurance companies hold around 85 per cent of the life insurance market in Bangladesh thanks to their experience and record in settling claims fast.

In the non-life insurance sector, the prevalence of top companies is common, but almost all firms hold a handsome stake in the segment.

The top 10 general insurance companies collectively control 52 per cent of the market.

In 2021, the gross premium of life insurance grew 7.63 per cent to Tk 10,255 crore compared to the previous year, according to data from the Insurance Development and Regulatory Authority (IDRA). However, the data is un-audited.

MetLife alone holds 28.59 per cent of the market followed by National Life Insurance with 13.43 per cent, and Delta Life Insurance with 7.44 per cent, IDRA data shows.

"The experience and claim settlement history of first-generation companies attracted people, so their market share is higher," said Sultan-ul-Abedin Mollah, a former member of the IDRA.

They are old and established and their

network and agents are spread all over the country, he added.

People's experience with first-generation companies also makes the business easier. The policies of most of the fourth-generation insurers have not matured yet.

"As a result, it will take time for them," Mollah said.

However, Guardian Life Insurance has been exceptional. Despite being a fourth-generation company, it has been able to grab a fair share of the market riding on good corporate governance.

Guardian Life Insurance holds a 3.39 per cent market share in the life insurance sector, as per IDRA data.

Apart from Guardian Life, some of the second-generation and third-generation insurers are also doing good business due to their good behaviour.

"If other companies can create confidence among people, they will be able to win more market share as well," Mollah added.

A number of key factors contribute to an insurance company's long-term success.

They include the tenure of business, operational efficiency, the strength of the workforce, product diversification,

vision, and reputation, according to Ala Ahmad, chief executive officer of MetLife Bangladesh.

At MetLife, customers' trust and confidence have helped the firm become one of the major life insurers in the market.

"Our history in Bangladesh dates back to 1952 and throughout our journey, we have focused on building one of the best teams of employees and financial associates, bringing technological innovations, and providing world-class life insurance solutions to the people of Bangladesh."

In Bangladesh, insurance penetration is less than 0.5 per cent. This indicates that life insurers can work together to bring more people under the protection of insurance.

"While healthy competition provides an incentive to excel, it is also important for companies to differentiate themselves with products and services to sustainably grow in the long run," Ahmad said.

Alamger Feroz, deputy managing director of Popular Life Insurance Company Ltd, said all 33 life insurance companies did not come to the market at the same time.

As the old ones have been doing

business for many years, they have been able to grab the lion's share of the market.

"The newcomers are trying to make a mark in the market. They entered the industry when the economy was volatile. But they will also be stronger after a certain period."

SM Shakil Akhter, executive director and spokesperson of the IDRA, said some of the top companies are doing quite good business as customers have confidence in them.

"The companies' reputation has climbed to an upper level and they are getting its fruits," he said.

It is a long-term business, some of them have succeeded. But some of them are lagging behind commercially even though they were first or second-generation companies, said Akhter.

The gross premium of non-life insurance companies rose 10.5 per cent to Tk 4,137 crore in 2021.

Among the non-life insurers, state-run Sadharan Bima Corporation holds the most market share with 11.02 per cent followed by Green Delta Insurance with 9.24 per cent, Reliance Insurance with 7.59 per cent, Pioneer Insurance 6.90 per cent, and Pragati Insurance 6.02 per cent.



Market share

(Non-life insurance) In %

Sadharan Bima	11.02
Green Delta	9.24
Reliance	7.59
Pioneer	6.90
Pragati	6.02
Provati	2.55
Northern General	2.40
Eastland	2.38
Global	2.12
Bangladesh National	2.02

Elias Brothers owners jailed for loan default

STAFF CORRESPONDENT, Ctg

The money loan court in Chattogram yesterday slapped five owners of Messers Elias Brothers (MEB) with a five-month jail sentence for defaulting a loan of Tk 185 crore.

Judge Mujahidur Rahman of Chattogram Money Loan Court issued the ruling against MEB Managing Director Shamsul Alam, Chairman Nurul Absar and Directors Kamrun Nahar Begum, Tahmin Begum and Md Nurul Alam based on a case filed by the National Bank on April 5 in 2015.

According to the money loan court, 25 cases have been filed against the company so far for defaulting around Tk 938 crore loan taken from 17 different banks and financial institutions.

Mohammad Elias started commodity trading in 1962, when he was 25 years old.

Initially, MEB's concentration was in consumer goods. Gradually, it expanded into areas such as galvanised plain sheets, ship-breaking, agro-industry, glass sheet, soybean oil, beverages, paper, board, garments, and brickfields.

Rezaul Karim, bench assistant of the money loan court, told The Daily Star: "MEB took out Tk 185 crore in loans from the bank but did not repay the loan despite several notices issued by the bank authorities. Today the money loan court gave an order in favour of the bank."

This correspondent tried several times to reach Shamsul Alam and Nurul Absar over phone, but their mobile phones were found switched off.

Gain knowledge before investing in stocks: experts

STAR BUSINESS REPORT

People should gather enough knowledge and do more research before investing in the stock market such that their funds do not go to waste, analysts said.

"People should acquire proper knowledge before buying or selling shares," said Prof Shaikh Shamsuddin Ahmed, a commissioner of Bangladesh Securities and Exchange Commission (BSEC).

Ahmed went on to say that although rumour-based trading is bad for the stock market, this problem persists across the globe.

"But people should not pay heed to rumours," he added.

While clarifying what he means by acquiring knowledge, Ahmed said that people should have some financial and technological understanding on any potential investment.

The BSEC commissioner also urged for more analyses on the stock market as it would be helpful for policymakers.

Ahmed's comments came at a certificate-giving ceremony for post-graduate diploma holders organised by the Bangladesh Institute of Capital Market (BICM) on Saturday.

Exports to Russia, Ukraine hit

FROM PAGE B1

On March 1, the three shipping companies announced that they would no longer take bookings for goods to and from Russia amid the Russian military attack on Ukraine.

German company Hapag Lloyd and Singapore-based ONE followed suit.

Though other companies are yet to make any such announcement, they are already expressing unwillingness to accept bookings from Bangladesh to these two destinations.

Md Ruhul Amin Sikder, secretary to Bangladesh Inland Container Depots Association, told The Daily Star yesterday that the cargoes were either already stuffed inside containers or lying in wait at inland container depot (ICD) warehouses.

Sources said Esack Brothers Industries, an ICD near the Chattogram port, alone had 35 TEUs of the export-laden containers lying idle for several days now for Maersk having stopped accepting bookings.

A senior official of the CMA CGM's Bangladesh office said their principal office directed to refrain from taking bookings for cargo shipment to Russia or Ukraine until further notice.

Bangladesh also faces the possibility of losing one of its most promising apparel export destinations as various Russian lenders have been excluded from the

SWIFT messaging system in response to the country's invasion of Ukraine.

Rajiv Chowdhury, managing director of Young 4 Ever Textile, said after a long negotiation his Russian buyer has confirmed in writing that he would pay his \$200,000 soon through his office in Turkey.

However, he is now apprehensive over the export of garment items worth \$250,000 which he has already manufactured although the buyer has confirmed of taking the goods to Russia through the port of a third country.

But Chowdhury was advised by his Russian buyer not to manufacture any more garment items sought under previous orders until further notice as the situation over the war was gradually worsening.

So an uncertainty has been created for Chowdhury over accessing the Russian market, exports to which from Bangladesh grew 36 per cent in fiscal 2020-21 to reach nearly \$600 million.

"Like me, many garment exporters have been facing trouble in receiving payments and shipping goods to Russia," said Chowdhury, whose t-shirts, polo shirts, jackets and hoodies are sold in Russian markets.

Chowdhury, also a director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the

association has already asked members to send data on export and payment receipts to create a database on Russian and Ukrainian markets.

Of garments exported to Russia, some 20 per cent is shipped to buyers directly and the rest through third country offices, said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

There are Russian buyers who have offices in countries including Turkey, Hong Kong and Poland. Cases involving them cause no problems in local exporters receiving payments.

However, in case of the direct exports, problems are arising over receiving payments.

So far, two exporters have lodged complaints with the BKMEA over not receiving payments from Russian buyers, he said.

In the July-January period of the current fiscal year, the country sent garment items worth \$415.47 million to Russia, registering a 36.47 per cent year-on-year growth, showed data from the Export Promotion Bureau.

Bangladesh shipped apparel items worth \$593.66 million to Russia last fiscal year. Of it, knitwear items were worth \$373.25 million while woven items \$220.41 million.

NBR extends duty benefit for raw

FROM PAGE B1

The NBR slashed the regulatory duty on raw sugar on October 14 and offered the privilege until February 28 to curb the spiralling prices in the domestic market.

Consumers had to pay as much as Tk 80 to get one kilogramme of sugar from retailers in Dhaka city yesterday, according to market price data collected by the Trading Corporation of Bangladesh (TCB).

On average, prices were 3.27 per cent higher than the Tk 75-78 paid per kilogramme a month ago.

Similarly, yesterday's refined sugar prices in

Dhaka were 17 per cent higher year-on-year compared to Tk 65-70 in 2021, as per TCB data.

Bangladesh imports 97 per cent of the 18 lakh tonnes of sugar required annually as local production of sugarcane and sugar at state mills is very minimal.

Currently, importers have to pay Tk 3,000 as fixed tariff to import each tonne of raw sugar in addition to value added tax and 20 per cent regulatory duty.

In case of refined sugar, import duty is higher than raw sugar, according to the NBR.

Light commercial

FROM PAGE B1

gained a foothold in Bangladesh by entering the market back in the 1980s and have since gradually overtaken their Asian and European counterparts.

Most of the demand for commercial vehicles comes from the country's garments industry, which uses a vast number of trucks and other light cargo carriers to transport goods.

The growing cement, steel, and shipbuilding sectors are also making increasing contributions to the commercial vehicle industry as they need to transport heavy raw materials. Moreover, the booming e-commerce industry is fueling the sales

of vehicles as they need to transport goods all over the country.

According to Hafizur Rahman Khan, chairman of Runner Group, Bangladesh is a potential market for commercial vehicles as its economy is booming.

There are 14 to 16 large automobile retailers in the country. Of them, five or six have assembly plants while the rest are sole distributors or importers of select international brands.

Ifad Autos, Aftab Automobiles, Navana, Rangs, Rancor Motors, Nitol Motors, Runner Motors, ACI Motors, and Energypac are major distributors of commercial vehicles.

Audit firms asked to report

FROM PAGE B1

So, the audit firms can't avoid their responsibility as they had not informed the central bank about the scams, he said.

As per rules, the audit firms have to submit the annual audit report to the central bank after the completion of the exercise. But, the reports have failed to highlight financial forgeries. As a result, unscrupulous directors, senior executives and borrowers embezzled thousands of crores of taka from a number of NBFIs.

Prashanta Kumar Halder, also known as PK Halder, who is believed to be living in Canada after fleeing from Bangladesh, is one of the people responsible for the ongoing

vulnerable situation of the NBFI sector.

Halder, a former managing director of NRB Global Bank and Reliance Finance, and his associates swindled around Tk 4,000 crore to Tk 5,000 crore from four NBFIs: International Leasing & Financial Services Ltd, FAS Finance & Investment, People's Leasing & Financial Services Ltd, and Reliance Finance.

The chartered accountancy firms chiefly flopped in carrying out their duties as the money was siphoned off from the NBFIs.

Currently, more NBFIs are unable to repay depositors despite maturity.

Md Shahadat Hossain, chairman of the Institute

of Chartered Accountants of Bangladesh, says that the central bank's letter is logical and audit firms should inform the BB soon after they find any gross violations.

"As per global best practices, an audit firm should inform the top management immediately after they spot any anomalies. If required, they should notify the financial regulator."

The audit firms have been asked to examine at least 80 per cent of the outstanding loans disbursed by NBFIs.

In addition, they have to verify whether NBFIs have transferred the interest on the rescheduled loans to the income segment of the financial statement accurately.

Auditorium honoured 11 persons and organisations for their contributions to the jute sector.

At the event, Agriculture Minister Muhammad Abdur Razaque said the agriculture ministry had prepared a roadmap to attain self-sufficiency in jute seed production and reduce dependency on Indian seeds.

"We want to be self-sufficient as we do not depend on any country for jute seeds. After three years, jute seeds will no longer have to be imported from India," he said.

He said farmers in India cultivate jute seeds in barren lands and export those to Bangladesh at low prices.

"Our farmers are not very interested in cultivating jute seeds as compared to other crops," he said.

Scientists at Bangladesh Jute Research Institute developed improved varieties of jute, which enable higher yields compared to Indian varieties, added Razaque.

"Work is underway to popularise its cultivation among farmers within the next three years," he said.

Bangladesh requires around 5,500 tonnes of jute seeds, most of which are imported from India for scanty domestic production.



Local traders dry chillies in the sun on the bank of the Jamuna in Sariakandi upazila of Bogura, the largest producer of the kitchen item in Bangladesh, as they plan to sell them when prices go up. This year, farmers have been largely disappointed as most of them have not received a good price for their produce.

PHOTO: MOSTAFA SHABUI

Chilli growers frustrated over low price

Many switching to maize cultivation

MOSTAFA SHABUI, Bogura

Chilli growers in the char years under Bogura's Sariakandi and Sonatala upazilas are disappointed as they are being forced to sell their produce at a lower price compared to last year.

So, many chilli growers are switching to maize cultivation as the demand, yield and price of the crop are higher. Corn production is also more profitable than chilli cultivation, said farmers and officials of the Department of Agricultural Extension (DAE).

Saidul Islam, 55, a farmer in Batir char in Sariakandi, has cultivated two bighas of chilli this year. But he is not selling green chilli as the price is low.

"I will dry it first and preserve it until the price goes up," he told The Daily Star recently.

In order to produce the key kitchen item on one bigha of land, farmers like Islam have to spend Tk 20,000 to Tk 25,000.

"This year, we have got good yield but the price is low compared to last year," he said.

Mohammad Aliuzzoha Zinnu, a farmer in Satbaki village in Sonatala, has grown chilli on one bigha of land.

He has sold the crop to local traders at Tk 30,000 against the production cost of Tk 25,000. This gave him a profit of a paltry Tk 5,000 whereas it was Tk 20,000 per bigha last year, said Zinnu.

Jahurul Islam, a farmer in Kornibari char in Sariakandi, says the price of dry chilli was Tk 7,000-7,500 per maund last year but this year it had fallen to Tk 4,500-5,000 before surging to Tk 6,000 in the last few days keeping pace with the price hike of essentials.

"The profit we usually make is decreasing," said the 60-year-old.

In Pakhir char area of the Jamuna river in Sariakandi, Tofazzal Hossain has not planted chillies this year because of the lower return. Rather, he has cultivated maize on five bighas of land as the crop is more profitable.

This is because farmers get 50 to 70 maunds of maize from one bigha of land. And each maund of the produce fetches around Tk 30,000 to farmers, against the production cost of Tk 8,000-10,000.

"So, maize cultivation is more profitable than chilli now," he said.

Maize, which was not familiar to farmers in Bangladesh even in the early 1990s, is now the second-largest crop

after rice as the grain has become a cash crop thanks to rising purchases by local mills to make feed for livestock and aquaculture.

Abdul Halim, upazila agriculture officer in Sariakandi, says many farmers in the upazila are shifting from chilli to maize as it takes less labour, care, and money to grow the crop.

"On the other hand, the demand for maize is increasing and farmers can preserve it at their home and can sell whenever they want."

Bogura is the largest chilli producing district in Bangladesh and accounts for 5 per cent of the national output of the crop. And most of the chilli is produced in the char areas of Sariakandi and Sonatala upazilas.

Farmers have planted chillies on 6,529 hectares of land this year, down from 6,980 hectares a year ago. They have already harvested 60 per cent of the crop.

They get 8-10 maunds of dry chilli from one bigha of land and 55-60 maunds of green chilli from the same amount of land.

In the district, chilli output stood at 20,500 tonnes last year. The estimated production was 18,176 tonnes this year,

according to the DAE in Bogura.

Most of the farmers sold local varieties of green chillies at Tk 13-15 a kg during the peak season.

The price has gone up in the last few days. Currently, local varieties are being sold at Tk 40 a kg and hybrid varieties at Tk 60 per kg at the farmers' level.

The item is being retailed at Tk 80 a kg in the kitchen markets in Bogura.

"The price of chillies has suddenly surged. So, those who have chillies in their fields are mainly making a profit now," said Mokhlesur Rahman, a farmer in Batir char of Sariakandi.

Dulal Hossain, deputy director of the DAE in the northern district, says the price is low because food processors have not started to buy chillies this year yet.

"When they begin buying chilli, the price will go up," he said.

Speaking about farmers' switch from chilli to maize, Hossain says farmers have added 200 more hectares of land to maize acreage this year. These areas were dedicated to chilli plantation last year.

"The shift is taking place because they are getting more profit in maize cultivation than chilli."

Stocks tumble to two-month low

STAR BUSINESS REPORT

The domestic stock market yesterday plunged for the third consecutive trading session as investors continued their selling spree.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), shed 57 points, or 0.86 per cent, to reach 6,638 by the end of the day.

Having lost 115 points collectively over the past three trading sessions, this is the lowest point the index has hit since December 26 last year, when it stood at 6,629.

At the DSE, 98 stocks advanced, 247 fell and 34 remained the same while turnover of the country's premier bourse rose 1 per cent to Tk 655 crore.

Beximco Ltd was the most traded stock with shares worth Tk 70 crore changing hands followed by Fortune Shoes, British American Tobacco Bangladesh, Bangladesh Shipping Corporation, and Sonali Paper and Board Mills.

The stocks extended their losing streak for a third consecutive day as investors opted to stay on the side-lines amid global economic uncertainty caused by Russia's invasion of Ukraine, International Leasing Securities said in its daily market review.

As a result, turnover also remained low, it added.

Meanwhile, the DS30, the blue-chip stock index, and the DSES, the sharia-compliant stock index, lost 24 and 10.97 points respectively.

Among the sectors, mutual funds rose 2.2 per cent, paper and printing appreciated 1.2 per cent, and jute increased 1.1 per cent.

The investors' attention was mainly concentrated on miscellaneous (15.3 per cent), pharmaceuticals (14 per cent) and textiles (11.7 per cent).

First Prime Finance Mutual Fund topped the gainers list, rising 9.87 per cent, followed

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Global banks face costly, arduous process to exit Russia

REUTERS, New York

Global banks face an arduous and costly process if they decide to close businesses in Russia, banking sources and experts say, complicating decisions over whether they should withdraw.

Sanctions placed on Russia following its week-old invasion of Ukraine and retaliation from Moscow have raised questions over how much longer banks can continue.

One banking source raised particular concerns about how banks navigate an order on



rouble lending and the implications for foreign companies in Russia. Banks are also weighing the risk to their reputations in staying there.

While banks have not yet announced exits, at least one global lender with operations in Russia is creating an in-house team and working with outside lawyers and consultants to determine whether and how it could exit before making public announcements, one banking source said.

British energy giants BP and Shell last week said they would quit Russia. BP is abandoning its stake in Russian oil giant Rosneft, resulting in charges of up to \$25 billion, it said, read more

However, banks will find it harder to extricate themselves, experts say.

"For an oil company, walking away from refinery assets in Russia might be as simple as dropping the keys and leaving but a unilateral

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War in Ukraine will have severe impact on global economy: IMF

REUTERS, Washington

The International Monetary Fund on Saturday said it expected to bring Ukraine's request for \$14 billion in emergency financing to its board for approval as early as next week and was in talks about funding options with authorities in neighboring Moldova.

In a statement, the global lender said the war in Ukraine was already driving energy and grain prices higher, and had sent a wave of more than 1 million refugees to neighboring countries, while triggering unprecedented sanctions on Russia.

"While the situation remains highly fluid and the outlook is subject to extraordinary uncertainty, the economic consequences are already very serious," the IMF said in a statement after a board meeting chaired by Managing Director Kristalina Georgieva.

"The ongoing war and associated sanctions will also have a severe impact on the global economy," it warned, noting that the crisis was creating an adverse shock to inflation and economic activity at a time when price pressures were already high.

It said price shocks would be felt worldwide, and authorities should provide fiscal support for poor households for whom food and fuel made up a higher proportion of expenses, adding that the economic damage would increase if the war escalated.

Sweeping sanctions imposed on Russia by the United States, European countries and others would also have "a substantial impact on the global economy and financial markets, with significant spillovers to other countries."

In addition to the human toll, Ukraine was experiencing substantial economic damage, with sea

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A woman carries a dog while people cross a destroyed bridge, as they evacuate the city of Irpin, north-west of Kyiv, during heavy shelling and bombing on March 5.

PHOTO: AFP

Russian shops to limit food sales to counter black market

AFP, Moscow

Retailers in Russia will limit sales of essential foodstuffs to limit black market speculation and ensure affordability, the government said Sunday, as sanctions imposed over Moscow's military incursion into Ukraine began to bite.

The trade and industry ministry over the weekend said there had been cases where essential foodstuffs had been purchased "in a volume clearly larger than necessary for private consumption (up to several tons) for subsequent resale".

Trade organisations representing retailers proposed that retailers be allowed to limit the volume of specific goods sold to individuals at any one time.

"The Ministry of Industry and Trade and the Ministry of Agriculture supported the initiative of trade organisations," the release said.