Star BUSINESS

UNDERSEA CABLE III

Double bandwidth at 25pc higher investment

STAR BUSINESS REPORT

Bangladesh Submarine Cable Company will increase its planned investment to connect to a third submarine cable by 25 per cent to avail double the bandwidth.

With Tk 870 crore, the company will now get 13,200 Gbps from the South East Asia–Middle East–Western Europe 6 (SEA-ME-WE 6) consortium.

Currently the state-run venture avails 2600 Gbps from SEA-ME-WE 4 and SEA-ME-WE 5. Another 1,000 Gbps or so of the bandwidth comes from India through six international terrestrial cable service providers based in Bangladesh.

Demand for bandwidth in the country now stands at 3,400 Gbps.

Demand for bandwidth in the country now stands at 3,400 Gbps

The third cable's addition will take the company's capacity to 15,800 Gbps.

"This is big news for Bangladesh and it will meet our bandwidth demand until 2030," Telecom Minister Mustafa Jabbar told The Daily Star.

"As thousands of schools will be connected to the internet, this low-cost but huge addition will help us cater to them," he added.

"Bangladesh will get the bandwidth from January 2025," said Md Abdus Salam Khan, company secretary to Bangladesh Submarine Cable Company.

"We are planning to increase the bandwidth capacity keeping the future demand in our mind as the internet use is increasing rapidly," he said.

Last year, Bangladesh signed an agreement with the SEA-ME-WE 6 consortium for the construction and maintenance of a connection to the third submarine cable.

At the end of 2020, the Executive Committee of the National Economic Council approved this Tk 693-crore project.

Non-bank interest cap goes against global trends

AKM ZAMIR UDDIN *and* SOHEL PARVEZ

The Bangladesh Bank yesterday imposed an interest rate cap on deposits and loans at non-bank financial institutions aligning with the ceiling now prevailing at banks although rates are rising globally to tame runaway inflation.

So, NBFIs will have to charge a maximum of 7 per cent on deposits and 11 per cent on loans from July 1, according to a BB notice.

The central bank move came two years after it capped the interest on lending at 9 per cent and deposits at 6 per cent for banks, igniting the debate whether such intervention is the right approach as it sidesteps market forces.

The interest cap comes at a time when countries are raising rates to combat inflation. For example, in March, the US central bank approved its first interest rate increase in more than three years.

A number of economists and the International Monetary Fund (IMF) have already opposed such intervention.

Economists and top executives of NBFIs say the interest cap would hand a blow to the financial health of the majority of non-banks, which are already struggling to keep pace with banks in mobilising deposits.

Besides, the interest rate cap on deposits will further penalise savers as they have been hit hard by the lower interest rate regime given the upward trend of inflation.

Some NBFIs have recently begun offering interest rates that are higher than the market rates with a view to collecting deposits, the BB said.

The high-interest rates have fueled the cost of funds for the NBFIs. The higher interest rate on deposits quoted by NBFIs has pushed up the lending rate, bringing an adverse impact on borrowers.

As a result, the repayment capability of borrowers has eroded, sending default loans to higher levels and thus bringing negative effects on the entire economy.

The latest ceiling will not apply to the deposits collected before the BB instruction takes effect.

Mominul Islam, chairman of the Bangladesh Leasing and Finance Companies Association, a platform of managing directors of NBFIs, said most banks now mobilise deposits at a 6 per cent interest rate.

"So, NBFIs will face a tough competition with banks to hunt deposits. Many of the non-banks whose financial health is weak will not be able to attract the attention of clients."

If NBFIs can't manage funds, they will not able to lend, said Islam, also the managing director of IPDC Finance.

Kanti Kumar Saha, chief executive officer of Lankan Alliance Finance, says that interest rates should not be fixed as the market forces would determine it.

"Fixing interest rate can't solve the existing problems of the NBFIs."

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, says the imposition of the interest rate would create problems for NBFIs in collecting deposits and disbursing loans.

"The Bangladesh Bank should reconsider its decision on a temporary basis. Many NBFIs are now in a crisis and the crisis will prolong if they can't mobilise funds as expected."

Monzur Hossain, research director of the Bangladesh Institute of Development Studies, says the interest rate cap is distorting the overall market.

"Fixing interest rate is not the right approach as it affects the market mechanism. The low-interest rate on deposits will affect savers."

The economist argues that the real interest rate becomes negative if inflation is taken into account.

"So, people will feel discouraged to keep deposits at banks."

Inflation in Bangladesh

READ MORE ON B3

DSE's key index plunges below 6,500 points

STAR BUSINESS REPORT

Dhaka stocks underwent a massive erosion yesterday, with a dearth of buyers and panicked investors pressing for sales pulling the index below 6,500 points again after one and a half months.

Throughout the trading period, there was no buyer for most of the shares as apprehensions were running high that the index may fall further, But this was prevented by the stock market regulator, according to market analysts.

The Bangladesh Securities and Exchange Commission (BSEC) launched a circuit breaker last month to activate in case of a 2 per cent share price drop, all to prevent the market from going on a free fall.

"General investors are in panic, so they are trying to sell shares that pushed down the market," said a stockbroker.

In some cases, stock brokers and merchant bankers sold shares as the margin loan-based stocks dropped by a huge extent and they needed to sell shares to adjust the margin.

The market is driven by stocks that fall victim to manipulation, so stocks with good performance records were bearish over the past couple of weeks, hurting thoughtful investors, he said.

Though the index was in a falling trend, the manipulators were active, he added.

International Leasing Securities said the stock market witnessed another massive fall and recorded the lowest turnover in the last one year.

The jittery investors went on a heavy sell-off to avoid further erosion of their portfolios.

Some of the investors were stuck with heavy losses in their portfolios and could not shrug it off, it added.

The DSEX, the benchmark index of the DSE, plunged 72 points, or 1.10 per cent, to 6,482 at the end of the day. This is lowest point to be reached since March 8, when the index dropped to 6,474 points.

The DS30, the blue-chip index, and DSES, the Shariah-based index, lost 25.32 points and 13.55 points respectively.

Turnover too dropped to Tk 390 crore from Tk 393 crore the previous day.

According to the turnover, investors' attention was mainly concentrated on miscellaneous (24.8

READ MORE ON B3

STOCKS

DSEX ▼	CASPI ▼
1.10%	0.89%
6,482.38	19,130.47

COMMODITIES

Gold ▼	Oil ▲
$1,985.83	$108.01
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 2.01%	▼ 1.8%	▼ 0.98%	▼ 0.49%
57,166.74	26,799.71	3,303.07	3,195.52

Digital sales take off as Eid nears

MAHMUDUL HASAN

Sales on digital platforms have picked up in Bangladesh as people in droves are purchasing products online as part of their preparations to celebrate Eid-ul-Fitr.

Facebook-based businesses and the online platforms of brands are driving the sales growth of the digital commerce segment, while e-commerce firms have received lukewarm responses since customers' trust in the scam-hit e-commerce firms is yet to be restored.

Owners of F-commerce-based entities are receiving the same number of orders they got at the same time last year, industry people say.

For instance, the flow of the orders has surged a point for Farah's World that its owner Samia Farah was forced to stop receiving orders of custom-made dresses since the first day of Ramadan.

"I had thought online fashion would see a drop since the pandemic has petered out. But, to my surprise, the orders have almost returned to the same level as was in 2021 when the growth was tremendous."

Customers can still place orders for ready-to-wear and other products at Farah's World.

The top-selling items in the digital commerce sector this Eid are clothing items, cosmetics, leather products, and jewellery.

"Owing to the pandemic, customers were habituated with online purchases, and sales of this season have proved that they have not lost the habit despite the improvement in the pandemic situation," said Nasima Akter Nisha, president of the Women and e-Commerce Forum (WE).

"This is the most encouraging thing."

WE is a Facebook-based platform where more than 3

READ MORE ON B3

Five brick makers get Tk 2.87cr off carbon credits

STAR BUSINESS REPORT

Five local brick manufacturers received a total of Tk 2.87 crore yesterday for reducing carbon emissions through the use of fuel efficient technology.

The five -- Kapita Auto Bricks, Eeta and Tiles, Banolata Refractory, Universal Bricks and Eco Brick – reduced carbon dioxide emissions by 65,603 tonnes using Hybrid Hoffman Kiln (HHK) technology between January 2018 and March 2020.

The HHK technology uses a combination of powdered fuel and clay and captures the heat generated to dry brick in an adjacent tunnel, which leads to lower energy consumption and air pollution.

The emission reduction was certified by the United Nations Framework Convention on Climate Change (UNFCCC).

READ MORE ON B3

Eid is a time of gift giving for many in the Muslim community and so, it comes as no surprise that shopping centres across the country are currently witnessing an onrush of customers. Here, a couple is seen picking a dress for their child at a shop in Dhaka New Market, one of the largest and most popular retail hubs in the capital. The photo was taken on Sunday.

PHOTO: AMRAN HOSSAIN

Sri Lanka's reluctance to tap IMF pushed it into an economic abyss

REUTERS, *Colombo*

Sri Lanka's worst economic crisis has triggered an unprecedented wave of spontaneous protests as the island nation of 22 million people struggles with prolonged power cuts and a shortage of essentials, including fuel and medicines.

President Gotabaya Rajapaksa's government has come under growing pressure for its mishandling of the economy, and the country has suspended foreign debt payments in an effort to preserve its paltry foreign exchange reserves.

On Monday, Sri Lanka will begin talks with the International Monetary Fund (IMF) for a loan programme, even as it seeks help from other countries, including neighbouring India, and China.

Economic mismanagement by successive governments weakened Sri Lanka's public finances, leaving its national expenditure in excess of its income, and the production of tradable goods and services at an inadequate level.

The situation was exacerbated by deep tax cuts enacted by the Rajapaksa government soon after it took office in 2019, which came just months before the Covid-19 crisis.

The pandemic wiped out parts of its economy - mainly the lucrative tourism industry - while an inflexible foreign exchange rate sapped remittances from its foreign workers.

Rating agencies, concerned about government finances and its inability to repay large foreign debt, downgraded Sri Lanka's credit ratings from 2020 onwards, eventually locking the country out of international financial markets.

But to keep its economy afloat, the government still leaned heavily on its foreign exchange reserves, eroding them by more than 70 per cent in two years.

By March, Sri Lanka's reserves stood at only $1.93 billion, insufficient to even cover a month of imports, and leading to spiralling shortages of everything from diesel to some food items.

JP Morgan analysts estimate the country's gross debt servicing would amount to $7 billion this year, with the current account deficit coming in around $3 billion.

Faced with a rapidly deteriorating economic environment, the Rajapaksa government chose to wait, instead of moving quickly and seeking help from the IMF and other sources. For months, opposition leaders and experts urged the government to act, but it held its ground, hoping for tourism to bounce back and remittances to recover.

Newly appointed Finance Minister Ali Sabry told Reuters in an interview earlier this month that key officials within the government and Sri Lanka's central bank did not understand the gravity of the problem and were reluctant to have the IMF step in.

Sabry, along with a new central bank governor, was brought in as part of a new team to tackle the situation.

But, aware of the brewing crisis, the government did seek help from countries, including India and China. Last December, the then finance minister travelled to New Delhi to arrange $1.9 billion in credit lines and swaps from India.

A month later, President Rajapaksa asked China to restructure repayments on around $3.5 billion of debt owed to Beijing, which in late 2021 also provided Sri Lanka with a $1.5 billion yuan-denominated swap.

Finance Minister Sabry will start talks with the IMF for a loan package of up to $3 billion over three years.

An IMF programme, which typically mandates fiscal discipline from borrowers, is also expected to help Sri Lanka draw assistance of another $1 billion from other multilateral agencies such as the World Bank and the Asian Development Bank.

In all, the country needs around $3 billion in bridge financing over the next six months to help restore supplies of essential items including fuel and medicine. India is open to providing Sri Lanka with another $2 billion to reduce the country's dependence on China, sources have told Reuters.

City Bank in €28.63m dredger loan arrangement

STAR BUSINESS DESK

Commerzbank and German bank AKA Ausfuhrkredit-Gesellschaft mbH have extended a term loan of €28.63 million to local dredging solutions provider Western Engineering through City Bank under the coverage of export credit agency Atradius Dutch State Business.

Western Engineering will use the finance to import 10 dredgers from Royal IHC of the Netherlands.

City Bank signed a multi-party agreement at the Dutch company's headquarters in Kinderdijk, the Netherlands, a press release said.

Sheikh Mohammad Maroof, additional managing director of City Bank, Mahbub Jamil, head of structured finance, Klaas van Iersel, vice-president for export and agency finance, and Laurens van Keller, senior relationship manager for corporates international relationship management at Commerzbank, signed the agreement.

Stefan Rajmann, vice-president of export & agency finance at the AKA, Robbert Zappeij, director of sales, Guido Fieret, director for Corporate Finance and Customer Finance Solutions, Kees Derks, area sales director of Royal IHC, Duuk Dudok van Heel, senior export credit specialist of the Atradius, and M Nahid Hasan, managing director of Business Connection BV, were also present.

Premier Bank, TVS Auto sign MoU

STAR BUSINESS DESK

Premier Bank Ltd signed a memorandum of understanding (MoU) with TVS Auto Bangladesh to promote newly launched motorbike products of the company.

Shamim Murshed, senior executive vice-president of the bank, and Biplob Kumar Roy, chief executive officer of TVS Auto Bangladesh, signed the MoU at the lender's head office in Dhaka yesterday, a press release said.

As per the MoU, Premier Bank's officials will be assigned to the designated outlets of TVS and the prospective clients can directly procure from the showroom.

"A prospective client will get faster service from a designated showroom where our officers will directly interact with customers," said Kazi Ahsan Khalil, deputy managing director of the bank.

"Considering the huge business opportunity this agreement is a significant development to seize the future market," said Biplob.

J Ekram Hussain, managing director of TVS Auto Bangladesh, was present.

Rangs Properties, a real estate developer of the country, has recently moved to a new office on Bir Uttam Mir Shawkat Sarak in Tejgaon Industrial Area in Dhaka at its flagship project Rangs Babylonia.

PHOTO: RANGS GROUP

Gazi Golam Ashria, chairman of Jamuna Bank, recently inaugurated a data center at the bank's corporate office in Gulshan, Dhaka. Gazi Golam Murtoza, Md Ismail Hossain Siraji, Md Redwan-ul Karim Ansari and Md Saidul Islam, directors, and Mirza Elias Uddin Ahmed, managing director, were present.

PHOTO: JAMUNA BANK

Sohail RK Hussain, managing director of Meghna Bank, recently launched prepaid cards "Ghuri" and "Hoichoi" with Visa at the lender's head office in Gulshan, Dhaka. Shyamol B Das, deputy managing director, Zishan Ahammad, head of cards, Ashish Chakraborty, director of business development for South Asia at Visa, Arifur Rahman, director of merchant sales and acquiring for South Asia, and Siraj Siddiquey, director of product and solutions for South Asia, were present.

PHOTO: MEGHNA BANK

Asian markets slide on inflation, Covid fears

AFP, *Hong Kong*

Asian stocks closed lower on Monday in cautious trade, as figures showed China's economic growth accelerated in the first quarter of the year, but the government warned of "significant challenges" ahead.

Tokyo's benchmark Nikkei 225 ended down more than one percent and Shanghai posted small losses, while Hong Kong and Sydney were closed for holidays.

Shanghai reported its first Covid-19 deaths since the start of its weeks-long lockdown.

China's largest city and economic powerhouse has stewed under a patchwork of restrictions this year amid the country's worst Covid-19 outbreak since the start of the pandemic.

The country reported first-quarter economic growth of 4.8 per cent, the National Bureau of Statistics said, as the pandemic threatens Beijing's ambitious annual growth target. That figure was up from 4.0 per cent in the final months of 2021.

The world's second-biggest economy was already losing steam in the latter half of last year as it endured a property slump and regulatory crackdowns.

"We must be aware that with the domestic and international environment becoming increasingly complicated and uncertain, economic development is facing significant difficulties and challenges," said NBS spokesman Fu Linghui.

"Overall, the data suggest that China started the year well, but as the quarter has moved on, the headwinds have gotten stronger," said Jeffrey Halley, senior market analyst with OANDA.

"A slowing property market, sweeping Covid restrictions, the Ukraine invasion pushing up base commodity and energy prices, and a central bank still intent on deleveraging sectors of the economy, have all combined to weigh on China's growth.

Md Matiul Islam, founder chairman of Industrial and Infrastructure Development Finance Company (IIDFC), poses for photographs after distributing cheques to the owners and representatives of the five brick kilns at the IIDFC's head office in Dhaka yesterday. Md Ataur Rahman Prodhan, chairman of the IIDFC, and Md Golam Sarwar Bhuyian, managing director, were present. Story on B1

PHOTO: STAR

Subrata Ranjan Das, executive director of ACI Motors, launched the prebooking of new Yamaha motorcycle models R15 version 4.0 and FZ-X at ACI Centre in Tejgaon, Dhaka recently.

PHOTO: ACI GROUP

China economy accelerates

FROM PAGE B4

of the first wave which emerged in Wuhan in late 2019, and the economy is beginning to weaken.

Industrial production growth eased to 5.0 per cent in March, NBS data showed, down from the January-February period.

Meanwhile, retail sales sank 3.5 per cent and the urban unemployment rate ticked up to a 22-month high of 5.8 per cent last month.

"March activity data suggests that China's economy slowed, especially in household consumption," Tommy Wu, lead China economist at Oxford Economics, said in a note.

China's government is trying to balance "minimising disruption against controlling the latest wave of Covid infections", Wu said, but he warned of a drag on economic activity into May or beyond.

Last week, carmakers including XPeng and Volkswagen warned of severe disruptions to supply chains and possibly even a halt on production completely if the lockdown on Shanghai's 25 million inhabitants persisted.

Already, goods are piling up at the world's busiest container port in Shanghai, prompting shipping giant Maersk to say it will stop taking new bookings for refrigerated containers into the city.

"Further impacts from lockdowns are imminent," said Iris Pang, chief economist for Greater China at ING.

DHL Express signs deals with two banks

STAR BUSINESS DESK

DHL Express Bangladesh signed service agreements with Shahjalal Islami Bank Ltd and Mutual Trust Bank Ltd at their respective corporate offices recently.

Md Miarul Haque, managing director of DHL Express Bangladesh, Syed Mahbubur Rahman, managing director of Mutual Trust Bank, and Muhammed Shahidul Islam, managing director of Shahjalal Islami Bank, signed the agreements, a press release said.

Speaking on the occasion, Miarul said DHL Express would continue to provide its cross-border air express service for the esteemed banks as the preferred service provider.

ASM Shakil, senior director for commercial of the company, was present.

200,000 risk losing jobs in Moscow over sanctions

AFP, *Moscow*

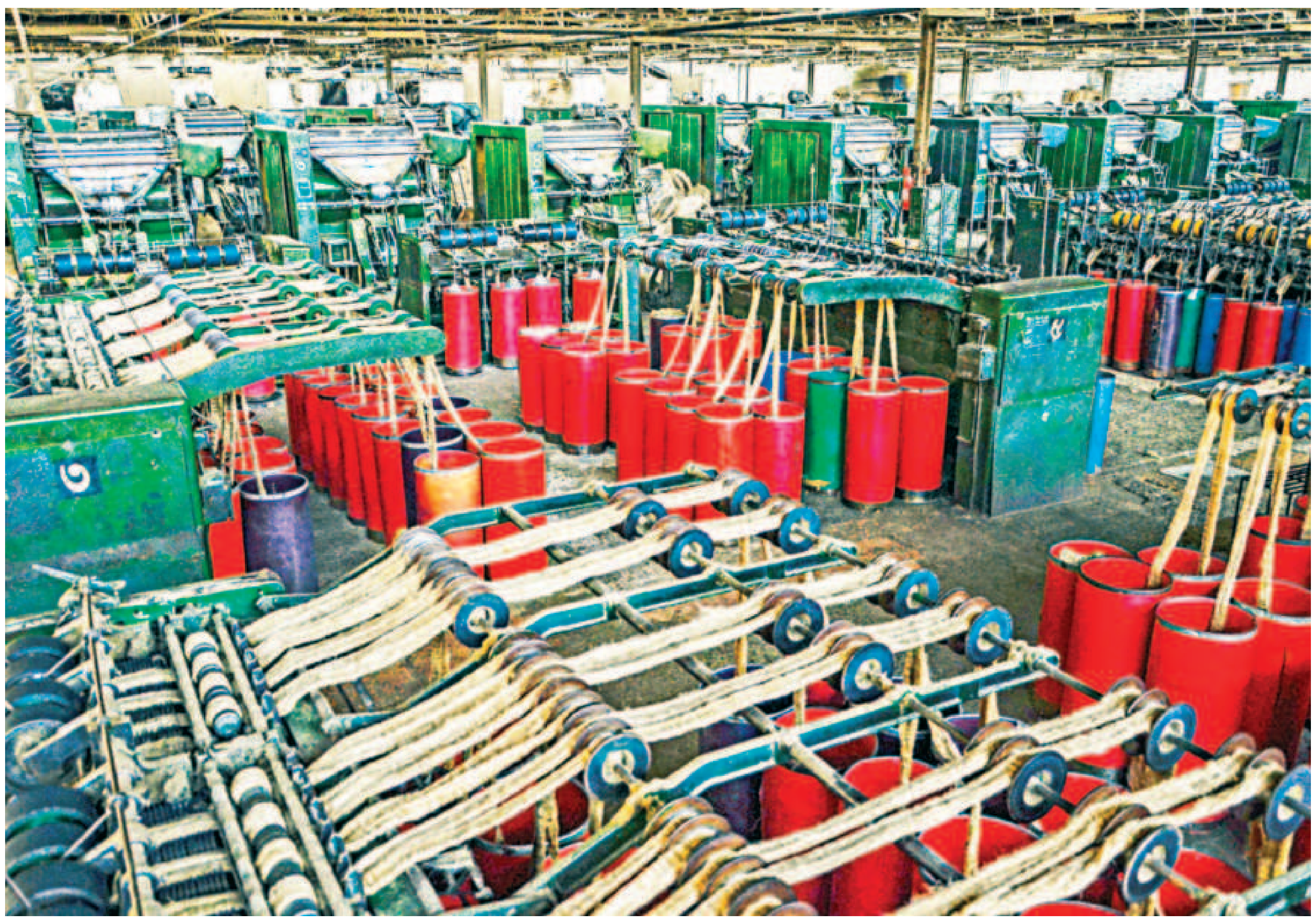
Around 200,000 employees of foreign companies in Moscow could lose their jobs due to sanctions over Russia's military campaign in Ukraine, the city's mayor said on Monday.

"According to our estimates, about 200,000 people are at risk of losing their jobs," Moscow Mayor Sergei Sobyanin said in a blog post.

He said authorities had last week approved a $41-million programme to support employment in the Russian capital.

"First of all, the programme is aimed at employees of foreign companies that have temporarily suspended their operations or decided to leave Russia," Sobyanin said.

Hundreds of mainly Western companies have announced the suspension of their activities or their departure from Russia after President Vladimir Putin sent troops to Ukraine on February 24.



With the government having closed down 25 state-run jute mills last year in a bid to halt losses and modernise facilities, two of these units recently resumed operations after being leased out to the private sector through open bidding. PHOTO: FILE PHOTO

Production starts at two jute mills leased to private sector

STAR BUSINESS REPORT

Two state-owned jute mills that were leased to the private sector recently began production, creating many employment opportunities in the process, according to Golam Dastagir Gazi, the minister of textiles and jute.

Gazi made this comment while inspecting production at Bangladesh Jute Mills Ltd, one of the leased units, in Palash upazila of Narsingdi yesterday.

The other mill is Karnafuli Jute Mills Ltd in Chattogram.

Bangladesh Jute Mills, which was leased by Bay Group, is producing jute yarn and sacks while Unitex Group is using Karnafuli Jute Mills to produce various jute products for local and international markets.

Both mills were leased for 20 years through an open bidding system.

Meanwhile, the leasing of two other jute mills -- Crescent Jute Mills Ltd in Khulna and Hafiz Jute Mills Ltd in Chattogram -- is under process.

In addition, 53 proposals have already been received from 18 national and international organisations for 13 other mills, the minister said.

The proposal evaluation committee has already submitted its evaluation report in this regard to the Bangladesh Jute Mills Corporation (BJMC).

Besides, the BJMC has sent a letter to the ministry seeking permission to issue a request for financial proposals from the evaluated institutions, he added.

Gazi hopes that if it is possible to lease the rest of the mills, it would create many employment opportunities where terminated workers would be given priority.

Earlier on February 1 this year, the government handed over the two jute mills to the private sector as a part of its efforts to modernise the state-run enterprises dealing with the natural fibre.

According to the BJMC, Jute Alliance Ltd, a concern of Bay Group, paid Tk 9.60 crore in advance rent while Unitex Group paid Tk 5.28 crore for 24 months. The bills and other expenditures would be borne by the investors as well.

The BJMC has been acting as a monitoring body to oversee whether investors comply with the terms and conditions. The investors can upgrade the machinery after taking consent from the corporation, according to the BJMC.

The two mills were handed over about 18 months after the BJMC shuttered 25 state-owned jute mills across the country.

The government decided to shut the mills in January 2020 to put an end to the heavy losses they incurred and to modernise the mills.

Later, a 13-member technical committee was formed to suggest ways to reopen the mills. Finally, the government decided to lease out the mills for a period of five to 20 years.

At the time, more than 50,000 workers in three categories -- permanent, temporary, and substitute -- were laid off. Of them, 25,000 employees and workers were provided 100 per cent of their dues so far.

According to the textile and jute ministry, Tk 3,563 crore has been paid to all the permanent workers of 25 jute mills as gratuity, provident fund, encashment of leaves through the Golden Handshake facility.

In addition, the textile and jute ministry and finance ministry are working hard to pay the arrears of verified substitute workers; arrears of workers for case settlement or withdrawal; arrears of 64 weeks during operation at the mills; gratuity of retired officers and employees; and arrears of raw jute traders, the ministry said in a press release yesterday.

Profits of Doreen Power rise 54pc

STAR BUSINESS REPORT

Profits of Doreen Power Generations and Systems soared 54 per cent in the first nine months of the 2021-22 financial year thanks to higher earnings among its subsidiaries.

The power producer logged consolidated profits of Tk 134 crore between July 2021 and March 2022 while it was Tk 87 crore during the same period in the previous financial year.

Its profits rose significantly due to a significant increase in revenue and net profit of three subsidiaries -- Dhaka Northern Power Generation, Dhaka Southern Power Generation, and the newly added Chandpur Power Generation.

Chandpur Power Generation began commercial operations from February 11 earlier this year, the company said in a disclosure on the Dhaka Stock Exchange website yesterday.

Doreen's revenue rose 81 per cent year-on-year to Tk 841 crore in the nine month period.

Doreen Power holds a 99.40 per cent, 99.14 per cent and 99.90 per cent stake in Dhaka Northern Power Generation, Dhaka Southern Power Generation and Chandpur Power Generation respectively.

Stocks of Doreen Power rose around 1 per cent to Tk 72.40 at the Dhaka bourse yesterday.

China's daily coal output hits record high

REUTERS, *Beijing*

China's coal output rose 15 per cent in March from the same month a year ago, with daily production climbing to a record, as Beijing urged miners to crank up operations to ensure steady market supply.

China churned out 395.79 million tonnes of coal last month, data from the National Bureau of Statistics (NBS) showed on Monday, equivalent to 12.77 million tonnes per day.

That compares with 10.99 million tonnes per day in March 2021, and 11.64 million tonnes per day for the first two months of 2022.

China has targeted daily coal production at 12.6 million tonnes this year, as Beijing has prioritised energy security in the wake of geopolitical uncertainties caused by the Ukraine conflict.

Output over the first quarter of the year reached 1.08 billion tonnes, up 10 per cent on the year, NBS data showed.

Coal inventories at major utilities in eight coastal provinces totalled 28.18 million tonnes in early April, according to analysts from Changjiang Securities, about 6 million tonnes higher than the same period last year.

But coal consumption at the utilities was 12 per cent lower than a year ago, partly reflecting lockdowns, factories suspending operations and restrictions on mobility in cities like Shanghai, where Covid-19 infections have flared up.

The anti-Covid measures also affected production and transportation at some mines in Shanxi, the major coal mining region.

Digital sales take off as Eid

FROM PAGE B1

lakh women with different skills can put their products or services up for sale.

F-commerce has thrived in the last few years thanks to the huge size of the Facebook population in the country. With nearly 40 million users, Bangladesh is among the top 10 nations with Facebook users, according to industry people.

F-commerce has witnessed a rapid rise since the virus arrived on the shores of the country as people were forced to rely on communication technologies to work, communicate, study and find entertainment at home.

The massive loss of jobs owing to the lockdowns enforced to limit the spread of the virus also prompted many people to venture into digital space to make a living. They are selling fashion items, homemade food items, organic vegetables, fish, medicines, and so on.

In Bangladesh, there are about five lakh F-commerce entities, with women owning more than 60 per cent of them.

According to an analysis of Meta, the parent company of Facebook, more than 70 per cent of female-led Facebook businesses were set up in Bangladesh since the pandemic began.

Since 2021, 40 per cent of Facebook groups involving entrepreneurs have been set up by women, said the company in March.

"Women have taken up the helm of their families to overcome financial difficulties brought on by the pandemic," said Nisha.

There was apprehension that the women-led F-commerce entities wouldn't sustain once the pandemic recedes. But, most haven't abandoned their entrepreneurship endevours and are doing great in terms of sales this Eid season.

According to Nisha, the women entrepreneurs who sell products through the WE platform have already registered sales of more than Tk 6 crore in the first two weeks of Ramadan.

Salim Miah, the owner of Smart Dress Gallery, which has both an online platform and a physical store, said the stellar sales growth witnessed during the peak of the pandemic has slowed, but many customers still rely on online shopping.

Nazmun Nahar, the owner of Facebook-based jewellery house Rupanzel, said compared to normal times, online sales are a few times higher now.

"Many Bangladeshis who live abroad are placing orders with my platform."

According to top lifestyle retail chains, online sales surpassed expectations.

"Our online sales have grown several times compared to normal times and we have booked orders that are more than double our initial estimate," said Md Raihan Kabir, marketing head at lifestyle brand Yellow.

About 80 per cent of online sales for lifestyle items come from F-commerce.

E-commerce sector people say a host of scams involving the sectors that unfolded last year has crippled the growth of the sector.

Usually, e-commerce and Facebook-based traders see monthly transactions of Tk 500-550 crore. It rose to Tk 6,050 crore for 25 firms alone between March and June last year as they ran operations like the Ponzi scheme, according to a report of the Bangladesh Bank. AKM Fahim Mashroor, chief executive officer of Bdjobs.com and AjkerDeal, said online-based businesses are struggling to gain customers' trust.

F-commerce entities have been able to shield themselves from the reputational damages caused by the irregularities as most customers either personally know the owners of Facebook-based firms or can see them live on the pages.

"E-commerce sales have increased during Ramadan compared to normal times. However, it has not met our expectations," said Asikul Alam Khan, CEO of PriyoShop.

Khan said although there are demands for gadgets and lifestyle items, most of the customers place orders mainly for groceries.

Daraz Bangladesh, however, is experiencing higher traffic this Eid season. With an average of 99,000 orders per day, the e-commerce firm has received 1.4 million orders in the two weeks to April 17.

"It is true that because of a handful of fraudulent online marketplaces, the overall image of our e-commerce sector has been hampered. But Daraz has always stuck to its ideal business principles and commitment to its customers, leveraging on which, we are confident to sustain in the long run," said Md Tajdin Hassan, chief marketing officer of Daraz.

The annual market size of online-based platforms now stands at around Tk 7,000 crore, accounting for about 1 per cent of retail sales.

Five brick makers

FROM PAGE B1

For this, Asian Development Bank paid $524,780 at a rate of $8 per tonne.

The exchange is run under a Clean Development Mechanism (CDM) of the UNFCCC. It enables earning saleable certified emission reduction credits, each equivalent to one tonne of carbon dioxide, which can be counted towards meeting Kyoto targets.

The Industrial and Infrastructure Development Finance Company Ltd (IIDFC) has been running the CDM in Bangladesh since 2011.

In 2020, the IIDFC distributed cheques among six brick manufacturers for reducing carbon dioxide emissions by 77,628 tonnes between 2016 and 2017 using the same HHK technology.

Yesterday Md Matiul Islam, founder chairman of the IIDFC, handed over the cheques to owners and representatives of the five brick kilns at the IIDFC's head office in Dhaka.

It is estimated that 1 lakh pieces of bricks require 25 tonnes of coal in the traditional fixed chimney kilns, he said.

The HHK technology reduced this consumption by about 40 per cent to 45 per cent, he added.

CM Alam, owner of Kapita Auto Bricks, said he entered the sector not only for the profits but also to contribute towards a better environment for future generations.

Md Ataur Rahman Prodhan, chairman of the IIDFC and managing director of Sonali Bank, and Md Golam Sarwar Bhuyian, managing director of the IIDFC, were also present.

US banks' commodity trading exposures rise

REUTERS, *New York*

Wall Street banks' commodities trading exposures are rising, which could leave them vulnerable to large swings in asset values following Russia's invasion of Ukraine, first quarter earnings disclosures showed.

Goldman Sachs Group Inc and JPMorgan Chase & Co both reported an uptick in a commodities trading risk measure, with Goldman's now the highest in a decade, according to a Reuters review of bank filings.

Oil, gas, wheat and precious metals markets have grown more volatile since Russia invaded Ukraine and Western countries imposed sanctions on Russian trade. But results so far suggest that banks are managing the risk effectively.

The London Metal Exchange (LME) halted nickel trading last month after prices doubled to more than $100,000 per tonne. Sources blamed the price surge on short covering by one of the world's top producers.

Wall Street were once big commodities traders, but they scaled back after the 2007-09 financial crisis as tighter regulations restricted their ability to trade with their own money and led to rising costs and shrinking profits.

But banks' commodities trading exposures have been gradually rising over the past two years while the Federal Reserve pumped liquidity into capital markets.

The Fed's actions pushed asset values higher and triggered massive investor purchases, rupturing the normal workings of the market and creating a bonanza for investment banks dealing in gold, silver and other precious metals.

DSE's key index

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per cent), pharmaceuticals and chemicals (12 per cent) and bank (11.6 per cent).

All the sectors witnessed price corrections including paper & printing (1.9 per cent), travel and leisure (1.8 per cent) and services and real estate (1.8 per cent).

At the DSE, 14 stocks advanced, 347 declined and 19 remained the same.

JMI Hospital Requisite Manufacturing topped the gainers' list with a rise of about 7.96 per cent. Eastland Insurance, Meghna Pet Industries, Kattali Textiles and Bata Shoe also saw major gains.

Pioneer Insurance shed the most with a 2 per cent drop. Mir Akhter Hossain, Prime Textiles, Central Insurance and C&A Textiles were among those suffering heavy losses.

JMI Hospital Requisite Manufacturing became the stock to be traded the most, with shares worth Tk 73 crore changing hands, followed by LafargeHolcim Bangladesh, Kattali Textiles, Square Pharmaceuticals and Beximco.

Chittagong Stock Exchange also fell yesterday. The CASPI, the main index of the CSE, plummeted 172 points, or 0.89 per cent, to close the day at 19,130.

Of the 266 stocks to undergo trade, 24 rose, 125 fell, and 17 did not see any price movement.

Non-bank interest cap goes

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jumped to 6.17 per cent in February, the highest in 16 months, driven by soaring costs of foods, further eroding the purchasing capacity of consumers.

If inflation is considered, depositors putting their funds at banks are suffering losses. "A flexible interest regime will be helpful for the market," said Hossain said.

Hossain points out that the problem in Bangladesh is that the interest rate does not decline in Bangladesh once it goes up.

"This is because the banking sector is oligopolistic in nature and large banks dominate the market," he said, adding that the monetary instruments, used by the central bank to influence the interest rate, do not work properly in Bangladesh.

Businesses, however, welcomed the move, saying it would help them manage funds at a lower cost.

"It is a positive move. The measure will help businesses keep their cost low at a time when the prices of raw materials and commodities are high globally," said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

The interest rate cap on non-banks will also bring uniformity in interest rates in the financial sector as some NBFIs were charging clients higher by borrowing at lower rates, he said.

Jashim, also the chairman of Bengal Commercial Bank, also supported the view that the market should be controlled when needed.

He cited that banks are charging higher rates for foreign currencies at their will.

"I am a chairman of a bank. I am also a businessman. I also should consider the interest of businessmen."

The IMF has repeatedly requested the BB to withdraw the interest rate imposed in the banking sector in April 2020.

It has called for phasing out the interest rate caps on lending and deposits.

Workers are seen taking a break at a construction site of the Bogura-Rangpur-Saidpur Gas Transmission Pipeline Project, which aims to provide gas connections to industries in 11 northern districts. Once complete, the pipeline is expected to spur socio-economic change in the area by bolstering production through cheaper fuel.

PHOTO: EAM ASADUZZAMAN

New gas pipeline ushers in hope for businesses in north

The 150km pipeline to be complete next year

EAM ASADUZZAMAN, *Nilphamari*

Around 102 factories in greater Rangpur, including 28 at the Uttara EPZ in Nilphamari, will likely get gas connections by December 2023 as the "Construction of Bogura-Rangpur-Saidpur Gas Transmission Pipeline Project" should be complete by then.

The project, which aims to supply gas to 11 districts in the country's northern region, was initially supposed to be implemented by between October 2018 and June 2021.

However, construction delays due to the advent of Covid-19 and complexities in land acquisition pushed the deadline back by two years at first while it was eventually set at December 2023 after the second revision.

Prime Minister Sheikh Hasina had made a public commitment in 2011 that she would ensure gas connections in the country's northern districts to meet the demand for such services from gas-based power plants and other industries in the region.

As such, the Ministry for Power, Energy and Mineral Resources initiated a project for constructing the 150-kilometre long pipeline with a capacity to transmit 100 million standard cubic feet of gas per day.

The project, being implemented by Pashchimanchal Gas Company Limited (PGCL), is set to cost Tk 1,359 crore in total.

Running from Bogura to Nilphamari, the 30-inch diameter transmission line will feature above-ground ancillary installations, including a central gas supply station in Saidpur that has the capacity to handle 100 million standard cubic feet of gas per day, according to project details.

"About 60 per cent of the construction has been completed and work is ongoing in full swing to complete the rest in due time," said Project Director Khondokar Ariful Islam.

In addition, two other town border stations with the capacity to transmit 50 and 20 million standard cubic feet of gas per day are being set up in Rangpur and Pirganj respectively.

Sources say that PGCL, which has already acquired 305 acres of land of the project, has requisitioned an additional 577 acres.

This has led to fresh concerns over meeting the deadline as some landowners have halted construction on their properties in demand of payment for their land.

During a recent visit to the project area, this correspondent found that work was stopped in six villages of Saidpur as land owners alleged that they have yet to receive the money for their land.

Razu, a landowner of Bakdogra village, said they are in the dark in this regard as the concerned authorities are yet to even mention the value of their land despite having already acquired it.

Echoing the same, Hamim Arshad, a landowner of Dholagas village, said they urged the authorities to arrange payment before starting work.

"The problem should be addressed urgently or else it will cause further delays in supplying gas to the region," said SM Shofiqul Alam Dably Shah, president of the Nilphamari Chamber of Commerce and Industry.

Khondokar Yasir Arefin, deputy commissioner of Nilphamari, said all odds should be settled amicably as landowners would get payment soon.

Other than heavy industries, two under-construction power plants in Rangpur and Nilphamari that will have a combined capacity to generate 253 megawatts of electricity will also get gas supply from the pipeline, bringing opportunities for employment and socio-economic change in the area.

Business communities in the two northern districts expressed enthusiasm over the project as it will offer them the chance to use cheaper fuel compared to the costly furnace oil and diesel they are used to.

Mostofa Sohrab Chowdhury Titu, president of the Rangpur Chamber of Commerce and Industry, said many people in his community have purchased land alongside the pipeline in hopes of setting up new industries once the project is complete.

Rezaul Islam Milon, president of the Rangpur metropolitan chamber, said they need a gas connection for the proposed economic zone in Rangpur while private industries at the BSCIC Industrial Park in Gangachara upazila are also clamouring for the same.

Stocks regulator asks brokers to suspend 15 traders

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has ordered nine stock brokerage companies to suspend 15 traders for placing share sell orders at zero price.

"Placing sell orders at zero price is a breach of securities rules," said Mohammad Rezaul Karim, spokesperson of the stock market regulator.

Suppose a stock price is Tk 150 but the traders place an order to sell it at zero price, then it causes a panic among investors who own such scrips and thereby affects the overall market.

Almost all the sell orders placed at zero prices were executed at their lowest value on the day.

"We sent letters to the managing directors of brokerage firms to listen to the explanations from traders and subsequently suspend them if they don't feel satisfied," Karim said.

The authorised representatives (traders) sold shares in bulk and most stocks were of big-capital based companies, so their influence on the index was high, he added.

The stockbrokers are Parkway Securities, Quayum Securities, Rashid Investment Services, Shyamol Equity Management, Mercantile Bank Securities, TA Khan Securities, JKC Securities, and Kazi Equities.

A stockbroker preferring anonymity said the authorised representatives trade shares in favour of brokerage firms.

"It is not possible to oversee all of the trading activities of traders," he said while citing that the traders placed the sell orders either without knowing or unintentionally.

"The stockbrokers will have to be cautious about such activities because it may impact their reputation," he added.

Gold climbs to 1-month high

REUTERS

Gold prices jumped about 1 per cent to a more than one-month high on Monday as concerns over the economic fallout from the Russia-Ukraine war and surging inflation drove investors to the safe-haven asset.

Spot gold was trading at $1,993.28 per ounce as of 0947 GMT, its highest level since March 11. US gold futures jumped 1.2 per cent to $1,997.70 per ounce.

"Bullion's upward momentum is set to continue as long as markets are fed with a steady stream of negative headlines pertaining to a darkening global outlook," said Han Tan, chief market analyst at Exinity.

The war in Ukraine has so far showed no signs of easing and has added to soaring inflation and dampened global growth outlook.

Several big Wall Street banks have raised concerns the US Federal Reserve's aggressive policy tightening measures could bring about a recession as they work their way through the economy.

China's economy slowed in March as consumption, real estate and exports were hit hard, as sweeping Covid-19 curbs and the Ukraine war took a toll in the world's top gold consumer.

"From a technical perspective, spot gold may face little resistance once it goes north of $2,000... However, gold's ability to keep its head above $2000 may be strained once real yields break into positive territory," Tan added.

Bullion is considered a safe store of value during times of political and economic crisis.

Restraining advances in zero-yield gold on Monday, yields on the benchmark 10-year US Treasury note jumped to their highest since December 2018, while the dollar stood strong near recent highs.

China economy accelerates in Q1

AFP, *Beijing*

China's economic growth accelerated in the first quarter of the year to 4.8 per cent, official data showed Monday, but the government warned of "significant challenges" ahead while massive Covid-19 lockdowns started to bite.

The world's second-biggest economy had lost steam in the latter half of last year with a property slump and regulatory crackdowns, pulling down growth.

But it exceeded expectations in the first three months of 2022, growing 4.8 per cent on-year, the National Bureau of Statistics (NBS) said, with Lunar New Year spending and factory production cajoling growth.

The weeks ahead, however, appear treacherous for the economy with Beijing's unrelenting zero-Covid approach to outbreaks clogging supply chains and locking down tens of millions of people -- including in the economic dynamos of Shanghai and Shenzhen as well as the northeastern grain basket of Jilin.

Virus restrictions in March have already gouged at retail sales, as consumers shied away from shopping, and drove up unemployment.

"With the domestic and international environment becoming increasingly complicated and uncertain, economic development is facing significant difficulties and challenges," NBS spokesman Fu Linghui said on Monday.

The pandemic rebound -- as well as the sanctions binding Russia's economy -- ups the ante on officials to deliver Beijing's full-year growth target of around 5.5 percent.

The target comes in a pivotal political year for President Xi Jinping who is eyeing another term in power at the Party Congress to be held this autumn.

The current virus outbreak is the worst since the peak

READ MORE ON B2

A worker welds wheels at a factory in Hangzhou in China's eastern Zhejiang province on April 17.

PHOTO: AFP

Sri Lanka fuel prices up ahead of IMF talks

AFP, *Colombo*

A key fuel retailer in Sri Lanka raised prices by up to 35 per cent on Monday as the cash-strapped government was set to open crucial bailout talks with the International Monetary Fund.

Sri Lanka is in the grip of its worst economic crisis since independence from Britain in 1948. It has led to shortages of fuel, food and essential medicines.

Lanka IOC, a fuel retailer which accounts for a third of the local market, said it raised the diesel price by 75 rupees to 327 a litre while petrol was increased by 35 rupees to 367 rupees ($1.20).

The state-run Ceylon Petroleum Corporation, which accounts for two-thirds of the market and imposed fuel rationing last week, did not immediately raise its prices, but most of its pumping stations were without fuel.