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*

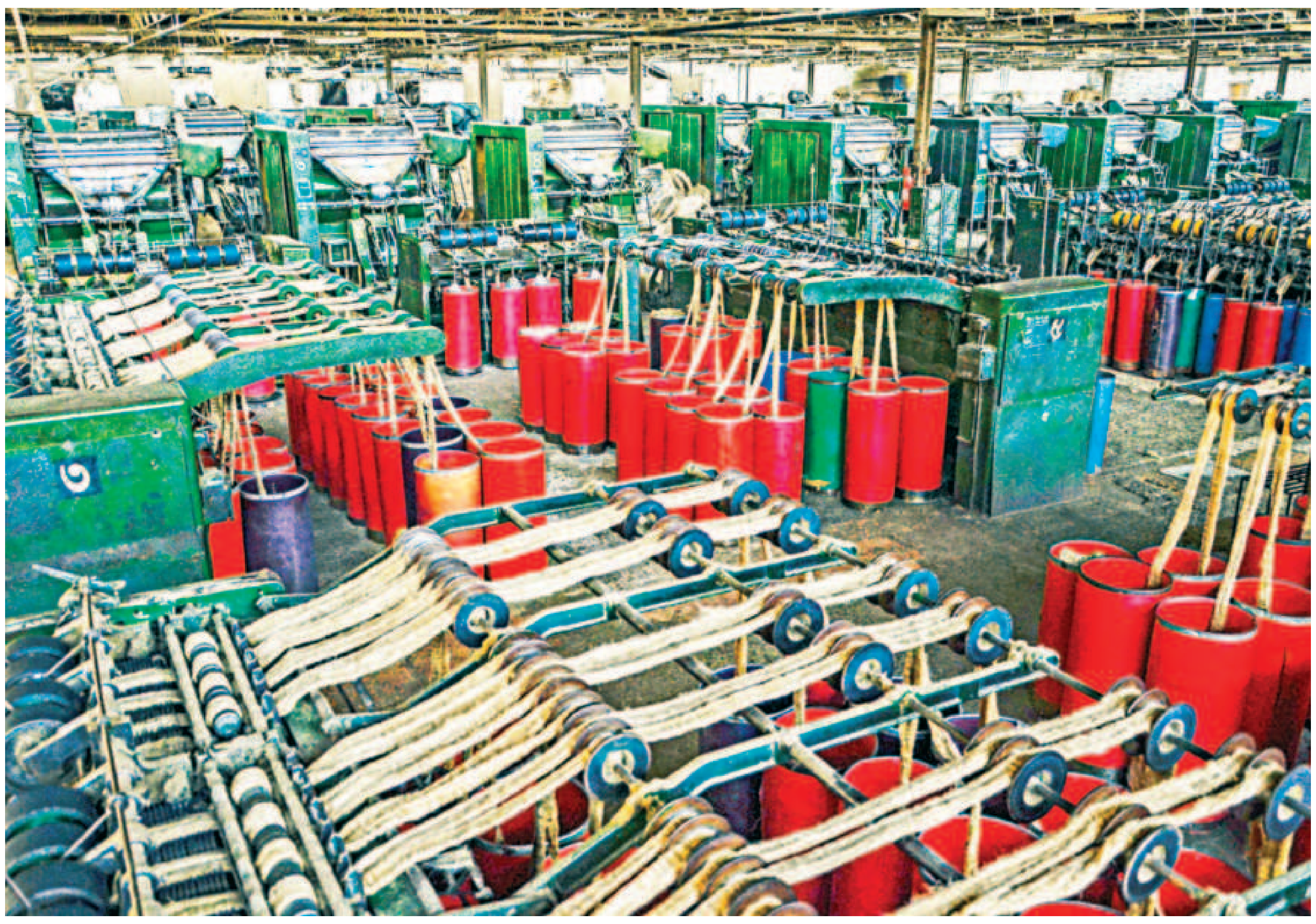
Around 200,000 employees of foreign companies in Moscow could lose their jobs due to sanctions over Russia's military campaign in Ukraine, the city's mayor said on Monday.

"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

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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

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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 Bhuiyan, 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.