Star BUSINESS

INDUSTRY AT A GLANCE

Only **2-3** multinational companies used to make sleeping bags in Bangladesh a few years ago

Now, at least **10** local companies make sleeping bags

Investors from the US, Korea and China shifted production facilities to Bangladesh

China is losing market share because of worker shortage, higher cost

MAJOR PRODUCERS

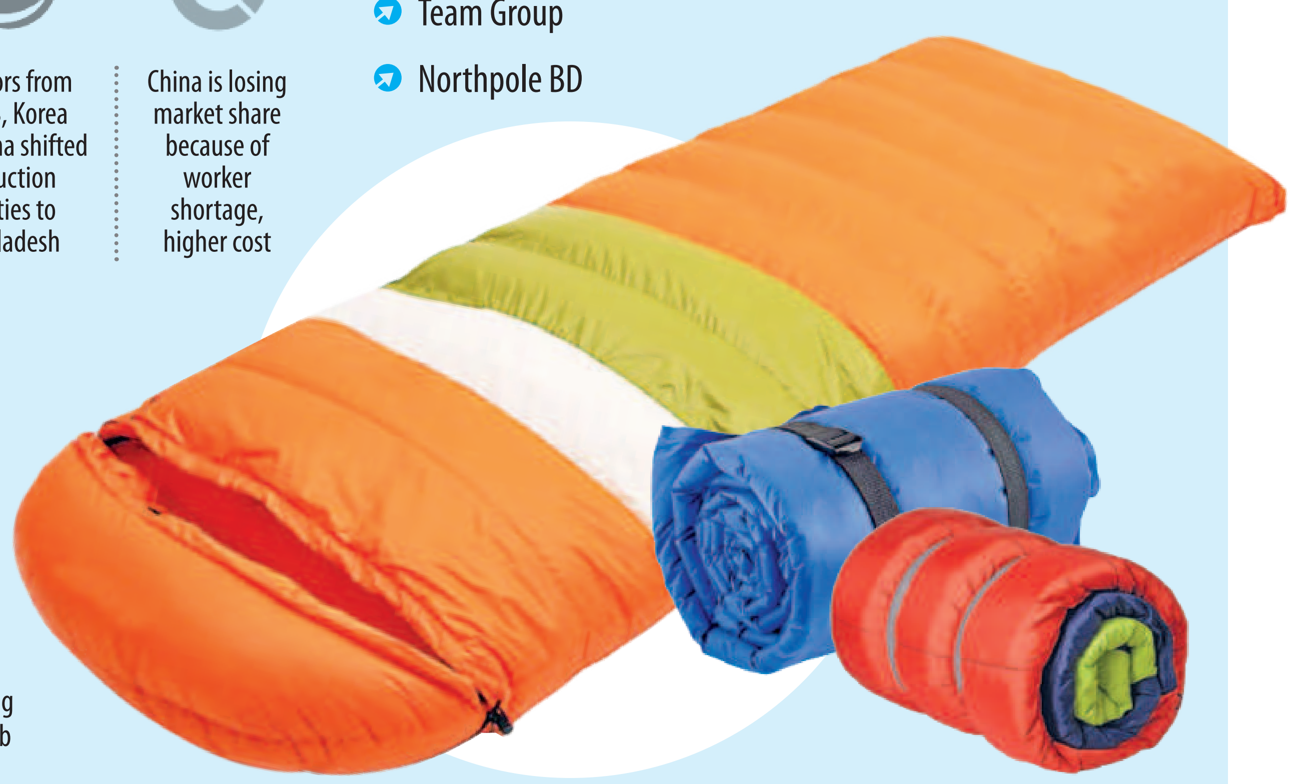
- Eusebio Sporting
- Team Group
- Northpole BD

SHIPMENT: BY THE NUMBERS

Garment exports stood at $**31.45**b in FY21

Export earnings from sleeping bags stand at about $**500**m per year

Shipment of outerwear, including sleeping bags, fetches $**4**b annually



SLEEPING BAGS turning into major export item

REFAYET ULLAH MIRDHA

Bangladesh is becoming a major manufacturer of sleeping bags as China is losing its market share because of worker shortage and higher cost of production.

Even a few years ago, two or three multinational companies, located in the export processing zones under the Bangladesh Export Processing Zones Authority, used to produce sleeping bags. Now at least 10 local companies manufacture such export-oriented items.

The production of sleeping bags in Bangladesh is gaining ground as the country is increasingly turning into a strong player in the production of outerwear such as jackets, tents, skiing wears, sportswear, hunter wears, safety wears, workwear, and rain wears.

Sleeping bags require the same materials and machinery that are used in making outerwear. As a result, a lot of factories are capable of supplying the items.

Outerwear shipment fetches nearly $4 billion annually for the country and a good portion of the earnings comes from the exports of sleeping bags.

China has been the main producer of sleeping bags, but in recent years, work orders have shifted to Bangladesh and other countries because of the shortage of skilled workers and the higher cost of production in the world's second-largest economy.

As a result, despite facing a higher duty on the shipment of sleeping bags to the US, the main export destination for the country, earnings from the item stand at around $500 million annually.

Exporters in Bangladesh used to enjoy the zero-duty benefit on the export of sleeping bags to the US before the scrapping of the generalised system of preferences in June 2013 following the Rana Plaza building collapse.

Since then, local exporters have faced nearly 12 per cent duty on the export of sleeping bags to the US markets.

Still, investors from the US, Korea and China have shifted their production units to Bangladesh to produce the item at competitive prices.

One of the manufacturers is Julio Lin, director of Eusebio Sporting Ltd, a Taiwanese company located in Chattogram. He exports $20 million worth of sleeping bags a year. He also exports tents.

He has been operating the business in Bangladesh for the last 15 years and ships sleeping bags to Europe, Russia, the US, Canada and some South American countries.

Russia is one of the top markets of sleeping bags for Eusebio Sporting, which ships nearly $3 million worth of the item to the country annually.

"I have not faced any challenge in exporting to Russia despite the ongoing war. I am shipping the goods as usual and receiving the payments from my buyers through third countries," said Lin.

Bangladesh has an abundance of skilled workers whereas their number is going down in China.

"The shipment from Bangladesh will grow in a bigger way in the future," Lin said.

People who go outings like trekking and skiing use sleeping bags in the Scandinavian and other European countries as well as North and South American countries.

Abdullah Hil Rakib, managing director of Team Group, a sleeping bag exporter, says the shipment is growing rapidly from Bangladesh.

"The demand will grow further when people start skiing and mountaineering following improvement of the Covid-19 situation."

The demand for sleeping bags has declined a bit over the last two years because of the pandemic and it may take two to three years for the segment to fully recover.

The country leader of a French company that sources sleeping bags from a number of factories in Bangladesh says his company's sourcing growth is 7 per cent to 8 per cent annually.

S M Khaled, managing director of Snowtex Outerwear Ltd, a major exporter of outerwear, says the sleeping bag manufacturing industry is expanding in Bangladesh as the demand is growing globally.

Bangladesh's share in the global sleeping bag manufacturing segment is on the rise as China is losing market share, he said.

Khaled is expecting to

READ MORE ON B3

APPOINTMENT OF MD

Islamic Finance asked to form search panel

AKM ZAMIR UDDIN

In a rare move, the Bangladesh Bank has asked Islamic Finance and Investment Ltd (IFIL) to form a search committee for the appointment of a managing director at the non-bank financial institution.

The central bank gave the instruction on April 20 when it ordered IFIL not to appoint Mohammad Imdadul Islam as its chief executive. He is currently managing director of GSP Finance, another NBFI.

"The central bank had reviewed the service record of Islam and found some anomalies. For this reason, the BB did not give its consent to IFIL to appoint him," said a BB letter to the NBFI.

The post of the MD fell vacant in June last year after Abu Zafore Md Saleh resigned over allegations of breaching rules over hiring and enjoying financial benefits.

In December last year, the BB also asked IFIL to refrain from hiring Chowdhury Manzoor Liaquat, a former MD of Union Capital, as its chief, as the financial health of the NBFI deteriorated under

READ MORE ON B3

Raise working capital limit

BB asks banks

STAR BUSINESS REPORT

The Bangladesh Bank yesterday asked banks to raise the working capital limit as the financial strength of many businesses has weakened because of the prices increase in the global market.

The business slowdown derived from the coronavirus pandemic has created a supply chain disruption in the global market, pushing the prices of various goods to an abnormally higher level. The Russian invasion of Ukraine has worsened the situation.

As a result, the prices of various commodities, including industrial raw materials, have sharply gone up in recent times. It comes at a time when the shipping cost has been on the rise substantially, according to a Bangladesh Bank notice.

Against this backdrop, businesses are facing difficulties to bear the cost of imported goods by using their existing working capital ceiling.

The repayment tenure of working capital is a maximum of one year and lenders set the ceiling of a loan on the basis of the cash flow of businesses.

READ MORE ON B3

SS Steel to acquire another re-rolling mill

STAR BUSINESS REPORT

Deformed steel bar manufacturer SS Steel yesterday announced that it would acquire another factory, Al-Falah Steel & Re-Rolling Mills, and streamline its operations, all through an investment of around Tk 184 crore.

The listed company made the disclosure in a post on the Dhaka Stock Exchange (DSE) website, saying its board of directors had decided on making the equity investment on the mill situated in Narayanganj.

Of the investment, Tk 87.46 crore would be used to subscribe to around 99 per cent stake of the mill's existing equity shares.

The remaining Tk 96.68 crore will be used to ensure smooth operations of the mill. In return, the mill will issue new shares to SS Steel.

The investment will be sourced from the company's retained earnings and as loans from financial institutions.

SS Steel has an annual production capacity of around 108,000 tonnes, according to its website.

As for the mill, it is around 64,800 tonnes per annum, which it sells under its own brand.

READ MORE ON B2

Higher tax barrier to digital inclusion

GSMA suggests telcos' tax reform

MAHMUDUL HASAN

Taxes and fees as a percentage of mobile sector revenues in Bangladesh are more than double the Asia Pacific average, subsequently leaving a negative impact on access and use of mobile technology, says a GSMA report released yesterday.

In 2020, the total tax contribution of the mobile sector amounted to Tk 133 billion, equivalent to 49.8 per cent of mobile sector revenues, according to the report titled "Taxation of the mobile industry in Bangladesh".

This is higher than that in 2019, when the total tax contribution amounted to Tk 119 billion and represented about 44 per cent of the sector's revenue.

READ MORE ON B3

Mobile phones are on display at a shop in Dhaka. The GSMA estimates that about half of Bangladesh's population remains to be connected to a mobile network while only around a third are using mobile internet services, lower than the South Asian average. PHOTO: STAR/FILE

STOCKS

DSEX ▲	CASPI ▲
Flat	0.17%
6,677.64	19,612.82

COMMODITIES

Gold ▲	Oil ▲
$1,899.32 (per ounce)	$102.15 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.94%	▼ 1.17%	▼ 0.04%	▲ 2.49%
56,819.39	26,386.63	3,320.67	2,958.28

Kabir made NCC Bank's AMD

STAR BUSINESS DESK

National Credit and Commerce Bank recently promoted its deputy managing director to the post of additional managing director.

The promotee, Khondoker Nayeemul Kabir, was previously working at the bank as deputy managing director, leading corporate business and many important divisions, a press release said.

He started his banking career with National Bank Ltd in 1984. Kabir worked in Midland Bank, Al-Arafaha Islamic Bank and Exim Bank during his more than 38-year-long professional career.

Islami Bank achieves ISO certificate

STAR BUSINESS DESK

Islami Bank Bangladesh has achieved an international organisation for standardisation (ISO) certificate from UK-based certification agency Bureau Veritas for fulfilling the requirements of ISO27001:2013 standard.

This is an international standard that specifies the requirements for establishing, implementing, and maintaining Information Security Management System, a press release said.

Mohammed Monirul Moula, managing director of the bank, received a certification of recognition from Md Towfiqul Arif, head of certification at Bureau Veritas (Bangladesh), and Mohammad Golam Kibria, CEO of IOTA Consulting Bangladesh, in Dhaka recently.

Cement bags get another lease of life, recycled into yet smaller bags to be used in the germination of seeds and saplings before they are ready to be transferred onto pots or planted on the ground. This nursery at Krishnakathi village in Pirojpur district's Nesarabad upazila sells various types of plants high in demand for gardening and forestry priced anywhere from Tk 30 to Tk 1,000. The photo was taken recently.

PHOTO: TITU DAS

Can Twitter become more profitable under Elon Musk?

AFP, *Paris*

Since going public in 2013, Twitter has only occasionally turned a profit, even if it has a commanding role in politics and culture worldwide.

The company's announcement on Monday that it had reached a deal for Tesla boss Elon Musk to buy it outright raises the question of whether this will lead to a brighter financial future for Twitter?

Musk has downplayed economic considerations as a motivation for his purchase, saying earlier this month at the TED2022 conference that, "This is not a way to make money."

Musk continued, "It's just that my strong, intuitive sense is that having a public platform that is maximally trusted and broadly inclusive is extremely important to the future of civilization."

Listed on the New York Stock Exchange for just under nine years, Twitter has posted a net loss every year, except 2018 and 2019 when it made a profit of just over $1 billion.

Musk is paying above $44 billion for the company, an amount dwarfed by Facebook's valuation of more than $500 billion. Twitter's revenues are mainly derived from advertising rather than its user base, which isn't large enough to make up its finances.

At the end of last year, it claimed 217 million so-called "monetisable" users, who are exposed to advertising on the platform. That's far from the 1.93 billion Facebook subscribers.

Twitter is scheduled to release its first quarter results on Thursday. Wall Street expects earnings per share of three cents and revenues of $1.2 billion. Even if Twitter's business prospects may not be his top concern, the world's richest man will be looking to at least not lose money, especially since part of the acquisition could be financed by his own funds.

In a securities filing released last week, Musk pointed to a $13 billion debt facility from a financing consortium led by Morgan Stanley, a separate $12.5 billion margin loan from the same bank, as well as $21 billion from his personal fortune as being behind the deal.

Musk has not yet detailed how he intends to increase Twitter's revenue.

However in a tweet, he suggested lowering the price of Twitter Blue, the paid version of the network that costs $2.99 a month, granting a certified account to paying subscribers and removing advertising for these customers. He later withdrew the message.

Another option in Musk's hands would be to cut the workforce, which may align with his desire to lighten content moderation on the platform.

At the end of 2021, Twitter, which is based in San Francisco, employed 7,500 people worldwide. It also had around 1,500 moderators worldwide as of 2020, according to a New York University business school study.

Musk could also be looking to accelerate user growth and thus advertising revenue, or add new paid features to the platform.

"He's got his own kind of plan in place. If he can keep a model with a subscription-based offer alongside free options, that could work," said Angelo Zino, an analyst at CFRA.

Unilever stocks rise on higher profits

STAR BUSINESS REPORT

Stocks of Unilever Consumer Care, formerly known as GlaxoSmithKline, rose 0.52 per cent to Tk 2,861 at Dhaka Stock Exchange (DSE) yesterday after it announced that its profits had gone up 40 per cent.

Its earnings per share (EPS) rose to Tk 14.33 in the first quarter (January to March) of 2022 whereas it was Tk 10.20 in the same period of the previous year.

The EPS rose due to an improved mix of sales and efficiency in managing operating expenses, the company said in the disclosure.

The multinational disbursed 440 per cent cash dividend among shareholders for 2021, when the EPS was Tk 43.80.

Unilever bought more than 82 per cent of GlaxoSmithKline's health food and drinks business in Bangladesh from Setfirst, a corporate director of the company, in 2020 in its push to further its footprint in Asia's fast-growing economies.

Around 87.79 per cent of the company's stakes are now in the hand of sponsors while 7.91 per cent are held by institutional investors, 0.29 per cent by foreign investors and 4.01 per cent by general investors, according to the DSE data.

Chevron, Brac funded Jibika project ends

STAR BUSINESS DESK

A programme was recently held at Brac Centre in Dhaka marking the end of a Jibika (livelihood) project run in areas adjacent to Chevron-operated gas fields in Sylhet, Moulvibazar and Habiganj districts.

Launched in 2015, the project was funded by the US energy company and non-government organisation Brac, which also oversaw it in partnership with Sylhet-based development organisation "IDEA".

The project worked to establish "village development organisations", a forum for organising villagers into self-help groups, and provide skills training and seed funds to enable the development of enterprises. It overall supported over 22,470 people (around 4,216 households).

M Makbul Hossain, director of operations at Brac, Md Ahsan Kabir, additional registrar of the department of co-operatives at the Ministry of Local Government Rural Development and Co-operatives, Eric M Walker, president of Chevron Bangladesh, Muhammad Imrul Kabir, director of corporate affairs, and Lauren Godfrey, senior manager of education at Brac USA, were present.

Shyam Sundar Saha, programme head of integrated development programme at Brac, presided over the event, says a press release.

ASM Sofrul Islam, programme coordinator of Jibika, Laila Sultana, secretary to Donokandi Shoboj Sharbik Sharbik Gram Unnayan Shomobay Shamity, and Md Rubel Ahmed, chairperson of Tukergao Surma Sharbik Gram Unnayan Shomobay Shamity, were also present.

How well does your bank

FROM PAGE B4

Except for taking deposits for different tenures and offering attractive rates at times, there has not been any material change over the past 50 years in terms of product offering. Similarly, when it comes to loans, we have been hearing about either personal overdrafts or personal loans for ages.

Many banks have introduced relationship managers (RM) following the foreign bank model for high net worth customers and even in those cases, the RMs have been busy chasing deposits or offering plain vanilla loans through differentiated pricing only coupled with a bump up in status in the form of airport lounge facility, occasional gifts and invites to parties especially held for a handful of them.

While the country is full of millennials and the middle class has expanded with a higher purchasing power capacity, all of these 60-odd banks have not been able to offer personalised or customised offerings for each unique client that bank with them. Though the banks have had most of the data about each of their customer—second only after the telecom operators in terms of data availability—, none has been able to leverage this, understand each customer separately, and offer uniquely.

A majority of the banks are earning hefty profits year after year by riding on these millions of customers who keep their hard-earned deposits with them or borrow some "One Size Fits All' kind of loan products, without ever trying to know the need or preferences of each.

We, as a customer, do not get the offer of a unique proposition based on our lifestyle choices, preferences or needs, because a majority of us do not have dedicated RMs who would know us or try to know us individually. It is still like BTV days, in this respect wherein I walk in and stand or wait in a queue to be served and that is also within a limited time because the branch official has plenty to serve. It is like the increased number of private channel days wherein we have plenty of banks but not many understand my priority and personal choices and offer programmes according to that.

Today's millennials, who make up around 60 per cent of the total adult population in Bangladesh, listen to music on Spotify and iTunes, which also offer customised playlists based on the genre of music of each individual's liking. Banking in that respect has not changed much in line with the demographic change that the country has gone through over the past five decades.

Naturally, the question that comes to one's mind is whether it is the scenario all around or unique in Bangladesh?

This was a global scenario a few years back when the words 'Fintech', 'Data' made their debut. The UK and the US led the evolution wherein a few Fintech companies emerged as 'challenger' or 'neo' banks.

Meantime, China's Alipay brought in accelerated speed to this and elevated it to a different level than others. These 'Digital/Challenger/Neo Banks' have brought in a total change in the ways traditional banking has been running for ages.

The most significant change is the personalisation of each service and product that a bank has to offer. Even if one has a paltry balance in the account, they can enjoy the most personalised understanding from the bank, which radically challenged the ways of banking, and that also at a very minimal cost being incurred by the bank.

In Bangladesh, it has only been in the recent past and that also after strong tremors being felt after almost a decade from the rapidly rising wallet usage by the masses that traditional banks (handful only though) have initiated digital onboarding in order to begin their frictionless personalised journey for a customer.

Digital know your customer (KYC), or eKYC, was also introduced by a leading digital service provider, Nagad. The model is now being followed by many banks meaning that they have been followers, not innovators in our market.

What is also surprising is that all the banks that have introduced eKYC for their customer onboarding have made this through a separate app that again does not provide the Netflix/Spotify kind of service that we were talking about.

Today's world is about app operations and doing everything within that single app and not letting customers leave that environment, rather offering all they need within that app for retention.

This is called the 'Super App' approach. Some apparent "digitally savvy" banks in town are providing digital services to customers through different interfaces or apps for different offerings. This actually is far from being what super apps services should be like. And we have not even touched the tip of the iceberg that digital innovation can offer for banking.

There is sufficient room to transform and modernise the existing banking ecosystem in the country. While there are ample challenges that legacy banks are struggling to overcome, the need for innovation and true digitalisation has become the need of the hour and something the banks and regulators should strongly focus on. With the changing demographic shift, it is time for us to change the way we bank. Digital transformation is the only way forward.

The author is an economic and financial analyst.

Brummer to sell

FROM PAGE B4

Brummer became a significant shareholder of the company in 2013 by investing Tk 105 core routed through its Frontier Fund.

It holds 2.83 crore of the shares, which indicates that it holds 24.93 per cent of Runner Automobiles, according to the company's latest annual report.

The amount that Runner Lube & Energy Ltd will pay to buy the shares was not disclosed. Stocks of Runner Automobiles traded at Tk 54 at the Dhaka Stock Exchange yesterday.

Apex sees 50pc rise

FROM PAGE B4

In previous years, it had to spend 74.6 per cent of its sales behind raw materials due to higher prices, according to the financial statements.

Raw materials are generally listed as cost of goods sold on a company's income statement. They are part of a company's direct costs along with labour.

In the January-March period of this year, earnings per share of Apex Footwear stood at Tk 2.64 while it was Tk 0.97 in the same period the previous year.

The company yesterday said in a disclosure that its earnings per share rose significantly due to an increase in sales and decrease in cost of goods sold.

In the three-month period, its sales rose 0.20 per cent to Tk 283.76 crore, the data shows.

Stocks of Apex Footwear rose 6.18 per cent to Tk 297 yesterday at the DSE.

SS Steel to acquire

FROM PAGE B1

SS Steel earlier acquired Saleh Steel Industries in 2020 with an investment of Tk 158 crore.

It also has three sister concerns – Fu-Wang Ceramic Industry, AJ Corporation and Generation Next Fashions.

In early January of 2021, the steel company had made another public disclosure saying it was acquiring a 75 per cent stake in Southeast Union Ceramic Industriesfor Tk 200 crore in an effort to expand its product base in the construction sector.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, and Alamgir Alvi, managing director of Ejogajog, exchange signed document of an agreement on financing to buy commercial vehicles at the bank's head office in Dhaka recently. Md Khalid Mahmood Khan, deputy managing director of the bank, Sanjib Kumar Dey, head of SME banking division, and Rajibul Huq Chowdhury, chairman of Ejogajog, were present.

PHOTO: MUTUAL TRUST BANK

Food, energy price shocks

FROM PAGE B4

prices exacerbate already elevated inflationary pressures around the world."

Wheat prices are forecast to increase more than 40 per cent, reaching an all-time high in nominal terms this year, it said adding, "That will put pressure on developing economies that rely on wheat imports, especially from Russia and Ukraine."

Metal prices are projected to increase by 16 per cent in 2022 before easing in 2023 but will remain at elevated levels.

"Commodity markets are under tremendous pressure, with some commodity prices reaching all-time highs in nominal terms," said John Baffes, senior economist in the World Bank's Prospects Group.

"This will have lasting knock-on effects. The sharp rise in input prices, such as energy and fertilisers, could lead to a reduction in food production particularly in developing economies. Lower input use will weigh on food production and quality, affecting food availability, rural incomes, and the livelihoods of the poor."

4pc of global GDP

FROM PAGE B4

exposure to wildfires, floods, major storms and also water shortages mean South Asia has 10 per cent-18 per cent of GDP at risk, roughly treble that of North America and 10 times more than the least-affected region, Europe.

Central Asia, the Middle East and North Africa and Sub-Saharan Africa regions all face sizable losses too. East Asia and Pacific countries face similar levels of exposure as Sub-Saharan Africa, but mainly because of storms and floods rather than heat waves and drought.

"To different degrees, this is an issue for the world," said S&P's top government credit analyst, Roberto Sifon-Arevalo. "One thing that really jumps out is the need for international support for many of these (poorer) parts of the world".

Countries around the equator or small islands tend to be more at risk, while economies more reliant on sectors such as agriculture are likely to be more affected than those with large services sectors.

For most countries, exposure to, and costs from climate change are already increasing. Over the past 10 years, storms, wildfires, and floods alone have caused losses of around 0.3 per cent of GDP per year globally, according insurance firm Swiss Re.

UKRAINE WAR

GDP growth target to be revised if needed

Says Kamal

STAR BUSINESS REPORT

Bangladesh's growth target will be revised if the situation of the Ukraine-Russia war worsens, said Finance Minister AHM Mustafa Kamal yesterday.

If necessary, the targets for the current and next financial years would also be revised, the minister said responding to a question from reporters after a meeting of the cabinet committee on public purchase.

"Our GDP growth target is 7.2 per cent in the current fiscal year and 7.5 per cent in the next fiscal year," he said, adding that these targets were set earlier and have been kept unchanged. But if the war situation worsens, these targets need to be revised," Kamal said.

Asked whether the price of gas, electricity and fertiliser would be increased to reduce the pressure of subsidy in the budget, he said the government will decide in this regard later.

Customs to remain open during Eid holidays

STAR BUSINESS REPORT

The customs offices will remain open on a limited scale during the Eid and weekly holidays beginning from April 29 to May 4 to ensure smooth operation of export and import activities at the ports, said the National Board of Revenue yesterday.

However, there will be no customs related services on Eid day.

The disclosure comes as the nation is set to enter into a quite long vacation because of weekly holidays, May Day and Eid holidays beginning from April 29.

With Bangladesh's export volume rising day by day, shipping liners are increasingly coming forward with proposals for direct shipping services between Chattogram port and various destinations in the EU, US and Africa.
PHOTO: STAR/FILE

New shipping service to connect Ctg with Liverpool, Rotterdam

DWAIPAYAN BARUA, *Chattogram*

Following the success of the first direct container shipping service between Chattogram and Italy launched in February this year, several European logistics providers have taken the initiative to commence similar services in order to get rid of the long delays in transporting cargo on the current routes using transhipment ports.

The new initiative was taken by the UK-based freight forwarding firm Allseas Global Logistics, which proposed operating three vessels to directly connect Chattogram port with Rotterdam in the Netherlands and Liverpool in the UK.

The firm has already chartered three vessels having over 1,500 twenty-foot equivalent units (TEUs) of capacity, which are a bit bigger than the vessels already deployed for the same purpose by another liner.

Earlier in February, an Italian shipping company launched direct services between Chattogram and the Italian port of Ravenna with two smaller vessels -- MV Songa Cheetah and Cape Flores -- both having the capacity to carry 1,100 TEUs.

On April 24, a local shipping agent applied to the Chattogram Port Authority (CPA) to allow three smaller vessels having capacities ranging from 950 TEUs to 1,150 TEUs chartered by Commodity Supplies AG, a Swiss logistics service provider, to operate directly from Chattogram to Barcelona in Spain and Rotterdam.

And in the latest move, the UK-based freight forwarder chartered the three vessels named MV AMO, MV San Alfanso and MV BBC Finland having capacities of 1,700 TEUs, 1,800 TEUs and 1,500 TEUs respectively.

Phoenix Shipping Limited, local agent of Allseas Global Logistics, has already submitted its application to the CPA seeking permission for the three vessels to operate direct Chattogram-North Europe services. Confirming that they received the application, CPA Chairman Rear Admiral M Shahjahan said he already wrote "approved" on the application but it would take a few days to complete official procedures.

Captain Syed Sohel Hasnat, chief executive officer of Phoenix Shipping, thanked the CPA chairman for all his support in this regard.

He hoped that under the service the first vessel, MV AMO, which is now in China, would arrive at Chattogram port on May 15 with some empty containers.

On its way back, the vessel would carry more than 700 TEUs of export containers to Rotterdam, he said.

He went on to say that they would try to operate each voyage from Chattogram every 10 days and so, there would be three voyages under the service each month.

Hasnat also said the UK-based freight forwarder took the initiative since it has been facing long delays in transporting Bangladesh's export cargo to EU destinations through connecting mother vessels at transhipment ports.

It now takes more than 40 days to reach export cargoes from Chattogram to EU destinations, a major market for the county's garment items, he said.

He hoped that under the service, ships would reach Rotterdam within 23 days, giving a huge boost to the country's exports. Hailing these initiatives, Syed Nazrul Islam, first vice president of the Bangladesh Garment Manufacturers and Exporters Association, said quicker transport of export cargoes to EU destinations through such direct services would help the country's garment sector progress in the global market.

"Our neighbouring competitors like Vietnam, Cambodia and China have long been in an advantageous position as they can send their cargoes directly to EU countries," he added.

Raise working capital

FROM PAGE B1

A central bank official says banks have been instructed to raise the limit of working capital considering the ongoing situation.

The BB, in the circular, mentioned that many importers were now unable to settle import payments although banks have extended the maximum amount of working capital.

The momentum of the country's export and import may face a roadblock, which subsequently may create a potential threat to the economy, it said.

Many borrowers are facing the risk of defaulting on their loans in the wake of squeezing financial capacity, the BB official said.

"Such default risks will be minimised if banks raise the credit limit."

Sleeping bags turning

FROM PAGE B1

export $300 million worth of garment items. Most of them are outer wear such as skiing wears, jackets, work wears, safety wears, and sportswear.

In 2021, top importers of sleeping bags were the US, the European Union, Germany, Japan, the United Kingdom, Australia, and Spain, data from the World Integrated Trade Solution portal of the World Bank showed.

Higher tax barrier to digital

FROM PAGE B1

In contrast, average taxes and fees as a percentage of mobile sector revenues in the Asia Pacific nations are 24 per cent while the global average is 22 per cent.

When annualised one-off spectrum licence fees are taken into account, the total tax contribution of the mobile sector represents 53 per cent of the revenue in 2020, up from 49 per cent in 2019.

The mobile industry in Bangladesh contributes heavily to the government exchequer, said the report of The Groupe Speciale Mobile Association (GSMA), which represents mobile operators worldwide.

Well over half of this taxation, that is 61 per cent, is in the form of sector-specific taxes and fees, including consumer taxes, making services less affordable at a time when digital inclusion is an imperative.

Corporate taxes and minimum turnover tax account for nearly a quarter of the tax contribution by the mobile sector. These taxes for the mobile sector are the highest among all sectors in the country and stifle the sustainability of the sector.

Despite the already significant contribution to the exchequer, the mobile sector's contribution as a proportion of total government tax revenue increased to around 5 per cent in 2020 from 4.4 per cent in 2019, said the report.

According to the report, Bangladesh set out its vision to become a digital nation in 2009 and it brought good results. However, progress has slowed in the 4G era.

Despite the expansion of mobile coverage throughout the country and total mobile connections and mobile internet connections at 181 million and 124 million respectively as of December 2021, there remains a significant unconnected population in terms of unique subscribers.

The GSMA estimates that about half of Bangladesh's population remains to be connected to a mobile network, as unique subscriber penetration was at 55 per cent.

Moreover, only 31 per cent of the population, taking into account unique penetration, are using mobile internet services. This is lower than the average in South Asia.

Bangladesh needs to attract foreign direct investment (FDI) to create a robust 5G network and spur innovation, it said.

The GSMA suggests tax reform in three key areas.

First, the government should align mobile sector taxation levels with the rest of the economy.

For example, it should remove the minimum turnover tax or reduce it from 2 per cent to 0.5 per cent initially and to 0.25 per cent in a second phase to align it with the rest of the economy.

Recently the Federation of Bangladesh Chambers of Commerce and Industry also recommended lifting the minimum turnover tax.

Further, it should reduce the corporate tax for non-public mobile operators from 45 per cent to 30 per cent and for public mobile operators from 40 per cent to 22.5 per cent.

Second, the government should reduce sector-specific taxes on mobile consumers by removing the SIM tax of Tk 200.

It should eliminate the supplementary duty of 15 per cent and surcharge of 1 per cent on mobile internet as well as on the purchase of non-telecom services using airtime.

The government should consider the operators' demand on slashing corporate tax, said Shyam Sunder Sikder, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), in a recent event.

The rationale is that mobile operators have to continue investing big to keep up with rapidly changing technology, he said.

Sikder said the operators, however, have to substantially make improvements in ensuring quality of service as there were frequent call drops while data service was of low quality.

Contacted, Subrata Roy Maitra, vice-chairman of the BTRC, said leaders of the Association of Mobile Telecom Operators of Bangladesh placed a set of demands for tax cuts and it has already been sent to the finance ministry.

Islamic Finance asked

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his leadership.

The latest BB move comes after it received allegations of misuse of power by some top officials of IFIL. This led the central bank to ask it to constitute a search committee to appoint the MD, according to an official of the BB.

"The central bank hardly asks any bank or NBFI to form a search committee for the recruitment of MD, but this time it has done so to protect the interest of IFIL." Contacted, Imdadul Islam denied any wrongdoing. "I have a clean track record spanning more than 30 years," he said.

He alleged that an influential defaulter had recently tried to have the interest of a loan taken from IFIL waived, but the board of the NBFI did not entertain the proposal.

"The delinquent borrower has threatened me that I might lose my job and be ousted from the financial sector. I think there is a correlation between the threat and the latest development."

The BB also asked IFIL to publish at least four advertisements in Bangla and English dailies in a bid to appoint a managing director with a clean track record.

The search committee will have to be formed by the audit committee of the IFIL board, according to the BB letter.

SM Bakhtiar Alam, chairman of IFIL, could not be reached for comments.

SQ Bazlur Rashid, acting managing director of the non-bank, said the financial institution would take measures in line with the central bank's instruction.

Apex sees 50pc rise in profits

STAR BUSINESS REPORT

Apex Footwear saw its profits rise 50 per cent despite recording lower sales between July 2021 and March 2022 of the current financial year (FY) mainly due to lower raw material costs, according to the company's latest quarterly report.

Apex Footwear logged profits of Tk 7.90 crore in the first nine months of FY22 while it was Tk 5.26 crore during the same period the year before.

However, the local shoemaker's sales dropped 9 per cent to Tk 849 crore in the July-March period while it was Tk 935 crore a year earlier.

And although the company's operating costs increased 4.9 per cent to Tk 192 crore at the same time, Apex Footwear managed to register higher profits due to the lower cost of raw materials.

The company spent 70.5 per cent of its net sales behind the cost of goods sold in the nine-month period.

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Brummer to sell 1cr shares of Runner Automobiles

STAR BUSINESS REPORT

Brummer Frontier PE II (Mauritius) is going to sell 1 crore of its shares in Runner Automobiles as a part of its initial objective for buying a stake.

"Runner Lube & Energy Ltd, the common shareholding company of Runner Automobiles, will buy the shares and you may consider it like a buy back of the sponsors of the company," said Shanat Datta, chief financial officer of Runner Automobiles.

Brummer owns a 24 per cent stake in Runner Automobiles and planned to sell the shares after the latter's listing with the stock market, he said.

As the lock in period has expired after Runner Automobiles' listing with the stock exchanges, Brummer Frontier wants to sell 8.81 per cent of its shares.

"They [Brummer] invest in all countries the same way, selling shares in companies after they are listed with the local stock market," he added.

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Bangladesh, being an import-dependent country for a number of key essential commodities, faces increased import costs, with inflation hitting a 17-month high in March.

PHOTO: STAR

UKRAINE WAR

Food, energy price shocks could last for years: WB

STAR BUSINESS REPORT

The war in Ukraine has dealt a major shock to commodity markets, altering global patterns of trade, production, and consumption in ways that will keep prices at historically high levels through the end of 2024, according to the World Bank's latest Commodity Markets Outlook report.

The increase in energy prices over the past two years has been the largest since the 1973 oil crisis.

Price increases for food commodities -- of which Russia and Ukraine are large producers -- and fertilisers, which rely on natural gas as a production input, have been the largest since 2008, said the World Bank in a statement after the release of the outlook on April 26.

The report comes at a time when Bangladesh, being an import dependent country for a number of key commodities, including petroleum, gas, wheat, edible oil, and fertiliser, faces increased import costs, with inflation hitting a 17-month high at 6.22 per cent in March.

For example, retail prices of highly import-based soybean oil in loose form shot up 15 per cent to Tk 170-Tk 172 per litre

in Dhaka from a month ago.

And palm oil followed suit. Bottled soybean oil was selling 20 per cent higher at Tk 160-Tk 170 each litre yesterday compared to the same time a year ago, according to prices data compiled by the Trading Corporation of Bangladesh.

Wheat flour prices were 18 per cent higher year-on-year to Tk 35-Tk 38 each kilogramme.

"Overall, this amounts to the largest commodity shock we've experienced since the 1970s. As was the case then, the shock is being aggravated by a surge in restrictions in the trade of food, fuel and fertilisers," said Indermit Gill, the World Bank's vice president for equitable growth, finance, and institutions.

"These developments have started to raise the spectre of stagflation. Policymakers should take every opportunity to increase economic growth at home and avoid actions that will bring harm to the global economy," he added.

Energy prices are expected to rise more than 50 per cent in 2022 before easing in 2023 and 2024, the agency said in its report.

Non-energy prices, including agriculture and metals, are projected to increase by almost 20 per cent in 2022 and will also moderate in the following years.

Nevertheless, commodity prices are expected to remain well above the most recent five-year average. "In the event of a prolonged war, or additional sanctions on Russia, prices could be even higher and more volatile than currently projected," it added.

Because of war-related trade and production disruptions, the price of Brent crude oil is expected to average $100 a barrel in 2022, its highest level since 2013 and an increase of more than 40 per cent compared to 2021.

Prices are expected to moderate to $92 in 2023 -- well above the five-year average of $60 a barrel, according to the outlook.

Natural-gas prices (European) are expected to be twice as high in 2022 as they were in 2021, while coal prices are expected to be 80 per cent higher, with both prices at all-time highs.

"Commodity markets are experiencing one of the largest supply shocks in decades because of the war in Ukraine," said Ayhan Kose, director of the World Bank's Prospects Group, which produces the Outlook report.

"The resulting increase in food and energy prices is taking a significant human and economic toll -- and it will likely stall progress in reducing poverty. Higher commodity

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How well does your bank know you?

RAHEL AHMED

We are the BTV generation whose only choice of TV series or programmes were the ones the channel aired. We had no option of flipping channels and we would rather enjoy whatever came our way. We had to wait for a favourite programme to be aired on a specific day of the week and that also at the designated time only. This is the story of our childhood and early youth.

It was not until the 1980s that the video cassette recorder made its way and our movie-watching options expanded a bit but certainly under due restrictions. But for adults even, options were limited only to the availability of the choices at the video rental points offering bad prints running at the very high demand for relatively new releases.

With time, our choices expanded with the advent of modern technology. We could first watch Doordarshan India for a few hours in the evening by fixing our external TV antennas with a lot of 'Macgyver-ish' tech improvisations. This was followed by the rise of dish antennas in the homes of the elite class.

Later, cable TV graced our homes with limited options of Hindi and English channels, which itself was a huge shift in the late 1990s and afterwards wherein we also started having private local TV channels offering a variety of programmes.

Our children, on the other hand, are millennials who have a hundred different entertainment options at their fingertips: movies, series, documentaries, news or sports. Over the

While there are ample challenges that legacy banks are struggling to overcome, the need for innovation and true digitalisation has become the need of the hour and something the banks and regulators should strongly focus on

last few years, with the aggression of internet and its total ruling over our lives and devices, we are now having over the top (OTT) platforms offering thousands of movies and series and documentaries as well as sports-related content—whenever we like to watch and across all our devices.

Just imagine the shift: these OTTs like Netflix give one abundance of choices from different genres of movies and series that they think match the individual audience's taste and preference. They do it by applying Artificial Intelligence (AI) or Machine Learning (ML) amongst all the millions of customers they have across geographies. But none of us feels like a part of the mass; rather, we feel very special because of this personalised approach.

It comes with a very customised and personalised offering. Every time we switch on the app it makes us feel not only special but at times exhausts us to go over the shows that we have on our watch list. It feels great to see that without asking many questions or being intrusive at all, OTTs like Netflix understand a part of us so well by just applying AI and ML.

The application of this personalised approach can be very effective in the banking sector. If we take a look at the contemporary banking offerings within the retail banking space alone, we would see that there is ample room for improvement.

READ MORE ON B2

WB to give Sri Lanka $600m in financial aid

REUTERS, *Colombo*

The World Bank has agreed to provide Sri Lanka with $600 million in financial assistance to help meet payment requirements for essential imports, the Sri Lankan president's media division said in a statement on Tuesday.

"The World Bank has agreed to provide $600 million in financial assistance to address the current economic crisis," the statement said.

The World Bank would release $400 million "shortly", it said.

According to the statement, the World Bank said it would continue to help Sri Lanka to overcome the current economic crisis.

Sri Lanka's worst financial crisis since independence in 1948 was caused by a drastic drop in its reserves that dropped 70 per cent over the past two years, hitting $1.93 billion at the end of March. This left Colombo struggling to pay for essentials, including fuel, medicines and food.

Earlier this month, Sri Lanka kicked off talks with the International Monetary Fund (IMF) for financial assistance. Before the IMF finalises a programme for Sri Lanka, the country needs $3-$4 billion in bridge financing to help meet its essential expenses.

The Sri Lankan government has also appealed to multiple countries and multilateral organisations for bridge financing until the IMF comes up with its aid.

India has helped Sri Lanka by assisting with $1.9 billion, and Colombo is in talks with New Delhi for an extra $1.5 billion to fund imports, including fuel.

Wind power stations of German utility RWE, one of Europe's biggest electricity companies, are pictured in front of RWE's brown coal fired power plants of Neurath, north-west of Cologne, Germany. Lower- and lower-middle income countries are likely to see 3.6 times greater gross domestic product losses on average than richer ones due to climate change.

PHOTO: REUTERS/FILE

CLIMATE CHANGE

4pc of global GDP at risk

Study finds

REUTERS, *London*

Climate change could see 4 per cent of global annual economic output lost by 2050 and hit many poorer parts of the world disproportionately hard, a new study of 135 countries has estimated.

Ratings firm S&P Global, which gives countries credit scores based on the health of their economies, published a report on Tuesday looking at the likely impact of rising sea levels, and more regular heat waves, droughts and storms.

In a baseline scenario where governments largely shy away from major new climate change policies, known as RCP 4.5 by scientists, lower- and lower-middle income countries are likely to see 3.6 times greater gross domestic product losses on average than richer ones.

Bangladesh, India, Pakistan and Sri Lanka's

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