

City Bank bond makes trading debut

STAR BUSINESS DESK

Trading of City Bank Perpetual Bond yesterday began at the Dhaka Stock Exchange (DSE) under settlement category “N”.

Sheikh Mohammad Maroof, acting managing director of City Bank, and Mohammad Mahbubur Rahman, additional managing director, rang the bell to inaugurate the trading at the DSE Tower in Motijheel, Dhaka, a press release said.

The DSE trading code for City Bank Perpetual Bond is “CBLPBOND” while the scrip code is 26011, it added.

Having gotten approval from Bangladesh Bank and the Bangladesh Securities and Exchange Commission on August 19, 2020 and December 9, 2020 respectively, the bank completed the successful subscription of Tk 4 billion on March 7, 2021 through private placement.



Cell towers in the Sylhet and Sunamganj districts have gone down following record flooding in the region, leaving about 40 lakh people stranded without a way to call for help or reassure loved ones of their safety. The picture was taken yesterday.

PHOTO: SHEIKH NASIR

US recession not inevitable

Treasury secretary says

AFP, Washington

A recession in the United States is not “inevitable” but the economy is likely to slow, Treasury Secretary Janet Yellen said Sunday, days after the US Federal Reserve hiked interest rates, raising fears of a contraction.

“I expect the economy to slow” as it transitions to stable growth, she said on ABC’s “This Week,” but “I don’t think a recession is at all inevitable.”

The US economy has recovered strongly from the damage wrought by Covid-19, but soaring inflation and supply-chain snarls made worse by the war in Ukraine have increased pessimism.

Wall Street stocks tumbled after the US central bank, seeking to cool inflation, on Wednesday raised the benchmark borrowing rate by 0.75 percentage points, the sharpest rise in nearly 30 years.

Mobile users suffer as towers go down in Sylhet

MAHMUDUL HASAN

Panic and uncertainty have gripped the relatives of people living in flood-hit Sylhet and Sunamganj as they are unable to communicate with their loved ones due to an electricity blackout that has put about half of the local mobile network towers out of commission.

As such, most of the 40 lakh stranded people from the two districts and many in the similarly affected Netrokona, Habiganj and Moulvibazar districts are finding it difficult to call for help.

Mohammad Alam, who lives in Sylhet’s Uposhohor area, said his relatives were very worried about him as they could not contact him from Saturday to Sunday evening. The network become partially functional on Sunday evening but only in Sylhet city, he added.

Anxieties are running so high that people like Mohammad Kawsar Uddin, an expat, even returned home from Saudi Arabia on Saturday after failing to contact his family in Sunamganj’s Modonpur area.

According to the Bangladesh Telecommunication Regulatory Commission, out of a total 3,617 network towers in Sylhet, Sunamganj, Netrokona, Habiganj and Moulvibazar, 1,146 sites have

reactivated as of Monday night while 976 remain dysfunctional.

According to officials of the operators, network towers usually run on commercial electricity while there are batteries as a standby power supply.

Grameenphone, the most used network provider among mobile subscribers in Sylhet, did not immediately reply to requests for comment.

However, Yasir Azman, chief executive officer of Grameenphone, said in a Facebook post that they cannot keep all of their towers functional without electricity and vehicle access.

“Even if we fixed the generators and batteries of all affected towers, they would eventually shut down without regular electricity. We have been collaborating with various authorities to keep our network running since the situation began,” he added.

In another post, he said his team is using local boats, professional speed boats and any other feasible transport to take generators to remote mobile sites.

“We need patience but we can’t wait without acting on alternatives,” Azman added.

Shahed Alam, chief corporate and regulatory officer of Robi Axiata, said they

fought all odds to keep 75 per cent of their cell sites in Sylhet division operational while restoration of the remaining sites is underway.

“We are working closely with Bangladesh Army and the border guard to co-ordinate evacuations by ensuring network availability in affected areas despite the major challenge of power shortage,” he added.

Ankit Sureka, head of corporate communications and sustainability at Banglalink, said their teams have been working relentlessly to keep the network up and running in affected areas.

“However, prolonged power outages are causing network blackouts in some areas and our backup power systems are running out,” he said.

“The flooding damaged some of our network infrastructure,” Sureka added.

Telecom Minister Mustafa Jabbar said the main problem is ensuring access to electricity for the network towers.

“Transporting the required fuel is also difficult,” he added.

Jabbar went on to say that he already instructed to use Bangabandhu Satellite-1 to keep telecommunication and internet functional by setting up VSAT (Very Small Aperture Terminal) hubs.

Keep payment services active in flood-hit areas: BB

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks, mobile financial service (MFS) providers and payment service providers (PSPs) to take effective measures to ensure that payment services were available to people in flood-hit areas.

Branches of banks, ATM booths, agent banking outlets and MFS agent points in such areas were now suffering from inundation, which is why people were now unable to conduct financial transactions.

Banks, MFS providers and PSPs will have to adopt alternative ways to ensure that their payment systems remain running

Against this backdrop, banks, MFS providers and PSPs will have to adopt alternative ways to ensure that their payment systems remain running in flood affected districts including Sylhet, Sunamganj, Moulvibazar, Habiganj, Kishoreganj, Netrakona, Kurigram and Rangpur.

The central bank issued a notice to this end.

A Bangladesh Bank official said the central bank had arranged a meeting with banks, MFS providers and PSPs yesterday asking them to open booths in shelters in the flood-hit zones.

Stocks continue falling again

STAR BUSINESS REPORT

Stock market index tumbled yesterday for the second consecutive day amid low participation of investors.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 49 points, or 0.76 per cent, to 6,356.

Turnover of the Dhaka bourse also dropped, hitting Tk 823 crore, down from the previous day’s Tk 895 crore.

At the DSE, 36 stocks up, 325 down and 19 remained unchanged.

Meghna Insurance topped the gainers’ list that rose 9.90 per cent. Fine Foods, KDS Accessories, Sonargaon Textiles and JMI Hospital were also on the list of top gainers.

AFC Agro Biotech eroded mostly that dropped 1.98 per cent. S Alam Cold Rolled Steels, Paper Processing & Packaging, Aramit Ltd, and Ring Shine Textiles were among the other companies in the loser tally.

Beximco Ltd became the most traded stock with shares worth Tk 83 crore changing hands followed by JMI Hospital, Anwar Galvanizing, Bangladesh Shipping Corporation, and Shinepukur Ceramics.

The Chittagong Stock Exchange (CSE) also fell yesterday. The CASPI, the all share price index of the port city bourse, edged down 139 points, or 0.74 per cent, to 18,728.

Among the 287 stocks traded, 35 rose, 225 fell and 27 remained the same.

Wage hike dwarfed

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Agriculture labourers saw the slowest growth with their wages rising by 6.27 per cent, up from 6.22 per cent in April.

Although the wage growth rose, it was not enough to offset the consumer prices leaps.

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said food inflation in May was the sharpest since May 2014, owing to a spike in prices in international markets and import-induced inflation caused by the depreciation of the local currency.

According to Rahman, the purchasing power of workers should be calculated by taking into account the price hike of the essentials consumed by workers.

“The prices of essentials have risen significantly compared to what the official inflation figure tells us. So, from that point of view, workers have seen a significant erosion of their purchasing power.”

The point-to-point inflation growth in May was higher than the wage hike during the same period, said Nazneen Ahmed, country economist of the United Nations Development Programme Bangladesh.

“That means the real purchasing power of the low-income people has declined during this period. Though the base year for the two estimates is different, this gives an indication of real wage rate decline.”

The base year for the Consumer Price Index is 2005-06 while that of the WRI is 2010-11.

Among the sub-sectors, the wage of workers employed in the construction sector was 4.83 per cent last month. It was 4.75 per cent in April.

Division-wise, workers in the Rangpur division saw the biggest raise, taking home 9.39 per cent higher wages in May than a year ago.

The low-paid skilled and unskilled workers in Barishal came second with their pay rising 7.39 per cent.

Their counterparts in the Dhaka division experienced the slowest pace of growth at 5.07 per cent.

The pay of workers grew 6.73 per cent in Chattogram, 6.20 per cent in Khulna, 6.05 per cent in Rajshahi, and 5.83 per cent in Sylhet, BBS data showed.

Rizwanul Islam, a former special adviser for the employment sector at the International Labour Office in Geneva, thinks there is no mechanism for wages to rise in tandem with price increases.

“So, the poor and low-income people who depend on wage and salaried incomes see a decline in their real incomes and suffer an immediate crunch. A similar situation is faced by those who are self-employed in a variety of petty businesses.”

The labour economist called for taking urgent steps to help the poor and lower-income groups.

And augmenting the supply of essential foods through the usual government channels such as TCB would be the obvious way one can think of, he said.

“However, given the

track record of this channel, the time has come to think about alternative modalities like food stamps to provide immediate relief to the low-income people.”

The floods have added further woes, so the affected people should receive special attention, said CPD’s Rahman.

He said the increase of the price of rice by 50 per cent from Tk 10 per kilogramme to Tk 15 under the Trading Corporation of Bangladesh’s open market sales operation might hit the poor and the marginalised.

“The social safety net programmes, in terms of allowance and coverage, should be expanded.”

BB issues

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years as a manager of a branch.

NBFs will have to publish advertisements in two English newspapers and two others in Bangla.

In addition, they have to display the recruitment notice on their respective websites such that qualified and transparent persons can be appointed.

The applicants have to obtain post-graduation degree from a recognised university.

Having higher educational degree on economics, banking and finance and business administration will be considered as additional qualifications.

The former chairmen, directors and officials of banks and NBFs who were sacked from their posts cannot be appointed as managing directors.

NBR makes

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Bangladesh has 3.58 lakh VAT registered entities, a very small number of which are centrally registered, according to the NBR.

Snehahish Barua, partner at chartered accountancy firm Snehasish Mahmud & Co, said the NBR’s latest move would make simpler the obtaining of a central registration for companies.

“Documentation and administration cost will be reduced. The number of VAT disputes will also be reduced,” he said.

Also known as

consumption tax, the VAT is the biggest source of revenue. It accounted for 39 per cent of the total tax of Tk 103,350 crore collected in fiscal year 2020-21.

From July till April this fiscal year, VAT and supplementary duty collection from domestic business activities grew 13 per cent year-on-year to Tk 84,916 crore.

The indirect tax collection was 37 per cent of the total Tk 2,27,756 crore tax collection logged by the NBR until April this fiscal year, according to the NBR.

BB treads a tightrope

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already sold a huge amount of dollars in exchange for the taka to keep the market stable.

“This has reduced the money supply, but we have to protect our foreign exchange reserves. And it is not expected that dollars are injected to squeeze the money supply.”

The central bank has supplied more than \$7 billion into market this fiscal year.

Depositors will also feel encouraged in keeping their funds with banks if the cap is withdrawn.

As per a central bank instruction, banks can’t offer an interest rate to fixed depositors that is below the average inflation figure.

But it will be harmful for banks as they have to give out loans at 9 per cent, Mansur said. “There will rarely be any margin for

banks if the lending cap is not scrapped.”

Rizwanul Islam, a former special adviser for the employment sector at the International Labour Office in Geneva, thinks standard

The increase in the repo rate is weightless when the lending rate is capped, said Zahid Hussain, a former lead economist of the WB

monetary policy would not be the appropriate instrument for fighting this inflation.

“It would be necessary to address the supply side of the issue and see where the problems are and address them accordingly. While that is done, it would be important to find instruments to provide protection to those who are



Monzurur Rahman, chairman of the board of directors of Pubali Bank, inaugurated a relocated branch on Satmasjid Road in Mohammadpur, Dhaka recently. Shahdeen Malik, independent director, Safiul Alam Khan Chowdhury, managing director, Mohammad Ali, additional managing director, and AS Sirajul Haque Chowdhury, general manager, were present.

PHOTO: PUBALI BANK

Crypto industry fears contagion as bitcoin plunges

REUTERS, London/Hong Kong

The cryptocurrency industry was on edge on Monday as bitcoin held just above \$20,000 and investors feared that problems at major crypto players could unleash a wider market shakeout.

Bitcoin, the world’s biggest cryptocurrency, dropped on Saturday to as low as \$17,592.78, falling below the key \$20,000 level for the first time since December 2020.

It picked up slightly during London trading hours on Monday, at around \$20,510 at 1232 GMT. But it has still lost 55 per cent of its value this year and 35 per cent this month alone in the cryptocurrency sector’s latest meltdown.

Bitcoin’s fall follows problems at several major crypto firms. Further declines, market players said, could have a knock-on effect as other crypto investors are forced to sell their holdings to meet margin calls and cover losses.

Crypto hedge fund Three Arrows Capital is exploring options including the sale of assets and a bailout by another firm, its founders told the Wall Street Journal in a story published Friday, the same day Asia-focused crypto lender Babel Finance said it would suspend withdrawals.