# Star BUSINESS



## AT A GLANCE

- Special incentive on MMF garments to offset fallout of war
- Incentive to attract more investment to primary textile
- Millers raising investment in MMF to grab more global market share
- Global MMF garment product market is worth $700b
- Price of MMF garments is higher than cotton-made items
- Monthly garment shipments to Russia dropped

## INCENTIVES

- 5pc cash incentive may be given to MMF garment exporters
- Currently 5pc incentive is provided for export of apparel made of local fabrics
- 1pc cash incentive is offered for exports to all markets
- 4pc cash incentive is given for exports to non-traditional markets

## BY THE NUMBERS

- Globally, 78pc garment is made from MMF
- In Bangladesh, 74pc garments made from cotton and rest from MMF
- Investment in primary textile sector is $20b

# EXTRA CASH INCENTIVE planned for non-cotton RMG exports

REFAYET ULLAH MIRDHA

The government could pay additional incentives to the exporters of non-cotton apparel items in order to help them offset the severe impacts of the Russia-Ukraine war on the shipment of garment items.

A file from the commerce ministry was sent to the finance ministry a few days ago, recommending at least 5 per cent additional cash incentive for the shipment of non-cotton garment items, which are made from man-made fibre (MMF).

The aim is to give some relief to exporters facing difficulties owing to the war, said Tapan Kanti Ghosh, senior secretary of the commerce ministry.

The move came after the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) sent a letter to the commerce ministry, demanding a 10 per cent cash incentive on the export of non-cotton garment items as the demand for MMF-made apparel products is growing worldwide and the prices are also better than cotton-based ones.

In a letter to the commerce ministry, the association also pointed out the importance of producing a diverse range of products and high-value items to remain competitive in the post-LDC era.

"So, it is the right time to pay an additional cash incentive on the export of MMF-made garments in order to accelerate garment shipment from Bangladesh and overcome the impacts of the war," Ghosh said.

The decision about the new cash incentive will come into effect very soon since it is being noticed that orders are declining in some destinations because of higher inflation, the senior secretary said.

Last week, Achim Troster, German Ambassador to Bangladesh, also said the prolonged war, energy crisis and rising inflation are likely to slow Bangladesh's present export momentum to Germany in the days to come.

Inflation in Germany recently hit a 50-year high of 8 per cent.

Inflation, along with the increasing energy price, will squeeze the purchasing power of German consumers and prompt them to spend less on consumer goods like readymade garments and leather, Troster said.

Germany is not the lone country that is suffering from higher consumer prices.

In the US, inflation accelerated to a fresh 40-year high of 8.6 per cent in May and it was 8.1 per cent in the eurozone – the two biggest export destinations of Bangladesh.

Inflation is also running high in other major markets such as the UK, Spain, France, Canada, and Italy.



Garment exports from Bangladesh to Germany, the second-largest export destination for Bangladesh after the US, stood at $5.95 billion in the fiscal year of 2020-21 and to the US market $6.97 billion.

Despite the gloomy global outlook, exports from Bangladesh hit an all-time high of $52.08 billion in the just-concluded fiscal year. Garment shipment clocked 35.47 per cent year-on-year growth, netting $42.61 billion.

In June, the shipment stood at $4.908 billion, the highest ever on record in a single month, rebounding from a nine-month low of $3.83 billion registered in May.

"We need to maintain the export growth. So, we are going to introduce this special incentive," Ghosh said.

Currently, the government pays a 5 per cent cash incentive on the sales of garment items made from locally spun yarn, a 1 per cent additional incentive for exports in all markets and a 4 per cent cash incentive in non-traditional markets. Bangladesh considers all markets as non-traditional except the US, the EU, the UK and Canada.

Faruque Hassan, president of the BGMEA, said the demand for non-cotton garment items is rising thanks to the change in fashion and styles.

For example, of the total garment items produced in the world, 78 per cent are made from MMF and the rest 22 per cent are cotton-made.

In Bangladesh, the picture is opposite.

From Bangladesh, of the total garment items shipped, 74 per cent is made from cotton fibre and the rest is manufactured from the non-cotton fibre.

The price gap between cotton and MMF-made items is also large. For instance, if a cotton-made garment item is sold at $5 apiece, the asking price of an MMF apparel item is $10.

"As a result, our exporters are getting very low prices," Hassan said.

"So, any form of incentive at the time of the war will definitely help the sector grow," he said, urging the government to continue such incentives at least until 2026, the year when Bangladesh is set to graduate from the group of least-developed countries to finally become a developing nation.

China dominates the $700-billion global market of MMF-made garments.

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# Locally made AI chatbot pulls global clients

MAHMUDUL HASAN

Local technology company Reve Chat is now facilitating access to information for citizens of Mexico while protecting their personal data with its AI-enabled chatbot, underscoring the Bangladesh tech industry's growing clout in the global markets.

Reve Chat developed Cavinai for the National Institute of Transparency, Access to Information and Protection of Personal Data (INAI), an autonomous body of the Mexican government.

"Our local talent developed the chatbot," M Rezaul Hassan, CEO of Reve Group, the owning company of Reve Chat, told The Daily Star.

It can answer complex questions asked by citizens and provide them with fast support, he added.

The citizens of the North American country can access information from the INAI's website and over WhatsApp.

"The government authority seeks to ease communication with the citizens using the latest technology as we have proved our technology's effectiveness in different countries," he added.

Cavinai is a new tool to facilitate, accessible and direct communication with the citizens.

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# Trade deficit hits historic high

STAR BUSINESS REPORT

Bangladesh's trade deficit hit a historic high of $30.81 billion in the first 11 months of the 2021-22 fiscal year, intensifying the pressure on the macroeconomic zone.

The country has been facing the higher trade deficit in recent months due to the escalation of imports against lower exports.

Trade deficit in the first 11 months of FY21 stood at $20.70 billion, according to data from the Bangladesh Bank.

This has already created a tremendous pressure on the foreign exchange reserves, prompting a foreign exchange crisis in the banking sector.

Between July and May last fiscal year, imports

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**STOCKS**

| DSEX ▼ | CASPI ▼ |
|---|---|
| 0.20% | 0.02% |
| 6,346.88 | 18,693.37 |

**COMMODITIES**

| Gold ▲ | Oil ▲ |
|---|---|
| $1,808.6 (per ounce) | $109.81 (per barrel) |

**ASIAN MARKETS**

| MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
|---|---|---|---|
| ▲ 0.62% | ▲ 0.84% | ▲ 0.8% | ▲ 0.53% |
| 53,234.77 | 26,153.81 | 3,120.24 | 3,405.43 |

# GP sees stocks fall while Robi enters bull run

AHSAN HABIB

Stocks of Grameenphone have been falling ever since the government banned the country's top telecom company from selling new SIM cards at a time when shares of its main competitor, Robi Axiata, have entered a bull run.

The Bangladesh Telecommunication Regulatory Commission (BTRC) has banned Grameenphone from selling SIMs until the operator improves its service quality and reduces the rate of call drops.

Investors believe the BTRC's decision will put a halt to new customer acquisition for Grameenphone and so, the company's share price fell, said Md Moniruzzaman, managing director of IDLC Investments.

In contrast, investors think that Robi's new business acquisition will be easier now for the same reason.

"So, its stocks started a bull run," he added.

Grameenphone's share price plunged to Tk 282 yesterday, down 6.62 per cent from Tk 302 on Tuesday, according to data from the Dhaka Stock Exchange (DSE).

However, it should be mentioned that the circuit breaker imposed by the Bangladesh Securities and Exchange Commission (BSEC) prevents any stock from dropping more than 2 per cent daily but on the other hand, it allows share values to rise by a maximum of 10 per cent each day.

From Tuesday onwards, Robi's stocks soared 27 per cent to Tk 36.4 from Tk 28.6 previously, the data shows.

Moniruzzaman, who worked as issue manager for many top companies like Robi, said the government

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The history of Bogura's sweetened curd is ancient, dating back at least 150 years, with the Ghosh family of Sherpur being the industry pioneer. The production process is meticulous, requiring bacterial fermentation of milk for around 12 hours alongside use of varying temperatures, including use of charcoal in underground stoves. With each kilogramme priced at Tk 220, the region's annual sales can reach anywhere from Tk 300 crore to Tk 400 crore. The photo was taken at Chalk Pathalia village of Sherpur upazila recently.

PHOTO: MOSTAFA SHABUJ

# NBR extends VAT cut for edible oil imports

STAR BUSINESS REPORT

The National Board of Revenue (NBR) yesterday extended the opportunity for edible oil refiners to import and refine the essential commodity by paying only 5 per cent value added tax (VAT) at the import stage until September 30 this year.

The NBR also extended the VAT exemption at the production and trading stages of palm oil and soybean oil, imported mainly in crude form by refiners, according to notifications issued by the NBR.

The moves are being considered as prices of edible oil are still high even after refiners cut soybean oil prices by up to Tk 6 per litre on June 26.

Consumers currently buy a litre of bottled soybean oil for Tk 190 to Tk 200, down 3 per cent from Tk 195

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Now that Eid-ul-Azha is around the corner, tea vendors near the Gabtoli cattle market, the sole permanent one in Dhaka, have diversified their business to sell ropes, bells and various trinkets used to decorate sacrificial animals. The photo was taken on Sunday.

PHOTO: PRABIR DAS

# China casts shadow over emerging nations' chase for debt relief

REUTERS, *London*

From a $360 million project to expand Zambia's international airport in Lusaka to a $1.4 billion city port in Sri Lanka's capital of Colombo, China is the missing piece in the puzzle of a number of debts talks under way in developing markets.

The second-largest economy and the biggest bilateral creditor in the world is a dominant lender to many smaller, riskier developing nations. But Beijing has kept a low profile, not only on lending conditions but also on how it renegotiates it with borrowers in distress.

That became more evident after the Covid-19 pandemic hit. Many economies buckling under economic strain are seeking debt relief.

Now, the pressure is rising on China to take a more active role in helping strained economies overhaul their debt burdens. Leaders of the Group of Seven rich democracies on Tuesday called on China specifically when urging creditors to help countries.

Poorest countries face $35 billion in debt-service payments to official and private sector creditors in 2022, with over 40 per cent of the total due to China, according to the World Bank.

But analysts say the International Monetary Fund (IMF) and World Bank premise of fair burden-sharing in debt relief talks could set them on a collision course with China, putting the prospect of comprehensive debt restructurings into question.

"Chinese 'Belt and Road' money is everywhere -- so we will see this over and over in sovereign debt restructurings," said Dennis Hranitzky, head of sovereign litigation at law firm Quinn Emanuel.

According to Beijing, the Belt and Road Initiative unveiled in 2013 is a platform for international cooperation in infrastructure, trade, investment and financing linking China with other parts of Asia, the Middle East, Europe and Africa. China's foreign ministry and central bank did not respond to requests for comment.

Zambia and Sri Lanka are test cases on how fast debt talks evolve. Both also need to restructure with overseas bondholders and hammer out IMF programmes.

"China's engagement on debt talks is not in the hands of the IMF nor governments," said Polina Kurdyavko, head of emerging markets at BlueBay Asset Management in London.

"Bringing China to the negotiating table in a timely manner could be the biggest challenge in the upcoming debt restructurings."

Chinese lending is mostly extended by state-controlled agencies and policy banks and is often opaque.

A working paper of the National Bureau of Economic Research in the United States found half of the 5,000 loans and grants extended to 152 countries from 1949 to 2017 have not been reported to the IMF or the World Bank, despite China being a member of both multilaterals.

"Opacity is a recurrent problem with some of these Chinese loans," said Matthew Mingey, senior analyst with Rhodium Group, adding China had stricter confidentiality clauses on its commercial loans.

Data compiled over three years by AidData, a U.S. research lab at the College of William & Mary, found terms of Chinese state-owned banks' loans require borrowers to prioritise them for repayment.

Examinations of 100 Chinese loans with 24 low- and middle-income countries showed - when compared to those of other bilateral, multilateral and commercial creditors - demands for an unusual level of confidentiality, in some cases, "even the fact of the contract's existence", the study led by Georgetown Law professor Anna Gelpern found.

Where China has agreed to ease debt burdens, details are often unclear.

The plethora of Chinese lenders also adds to complexity, though Export-Import Bank of China and the China Development Bank feature most heavily.

"When it comes time to renegotiate, individual Chinese banks may not necessarily have an idea of what other Chinese banks are doing," said Mingey. Progress has often been slow.

Zambia is seeking relief on $17 billion of external debt after becoming the first Covid pandemic-era default more than two years ago. Some of the slow progress is due to China's lack of experience with tricky debt restructurings, people familiar with the matter say.

## City Bank, IFAD Group sign deal

STAR BUSINESS DESK

City Bank signed an agreement with IFAD Group to avail Citygem priority banking facilities.

Sheikh Mohammad Maroof, additional managing director of City Bank, and Taskeen Ahmed, group deputy managing director of IFAD Group, inked the deal at the IFAD Tower in Tejgaon, Dhaka yesterday, a press release said.

Md Arup Haider, head of retail banking at the bank, Mohammad Mahmud Gony, head of commercial banking, Fahria Huque, head of Citygem priority banking, Hasan Uddin Ahmed, head of employee banking, were present.

## Euro near 5-year low vs dollar

REUTERS, *London*

The euro flattened on Monday, staying near a five-year low against the US dollar, as investors sought safety in the greenback amid worries about slowing global growth.

The war in Ukraine and its economic fallout, in particular soaring food and energy inflation, has been a major drag on the euro, which has weakened more than 8 per cent against the dollar this year. The difference between the European Central Bank and the US Federal Reserve response to higher inflation has also weighed on the euro.

Data on Friday showed euro zone inflation surging to another record, adding to the case for the ECB to raise interest rates this month.

Jeremy Stretch, head of G10 FX strategy at CIBC said he expected headwinds on the euro to persist as the ECB is set to hike rates on July 21 by "a mere 25 basis point".

"ECB action remains moderate when compared with a 75bps Fed hike," he said. "Beyond ECB monetary policy discussion, the primary European Union risk variable relates to the energy sector."

## ECB to push climate-friendly investments

AFP, *Frankfurt*

The European Central Bank on Monday unveiled plans to integrate climate change into its monetary policy in a bid to encourage eurozone businesses to pay more attention to their environmental impact.

The steps by the ECB's governing council "aim to better take into account climate-related financial risk" and "support the green transition of the economy in line with the EU's climate neutrality objectives", the central bank said in a statement.

Under the new plans, the ECB will aim to "gradually decarbonise corporate bond holdings" from October 2022, shifting them towards issuers with better climate performance.

This will be measured through indicators such as lower greenhouse gas emissions, more ambitious carbon reduction targets and better climate-related disclosures, the ECB said.

## Dhaka Bank focuses on SMEs

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The ratio of non-performing loans in the bank stood at 3.32 per cent in December, way lower than the industry average of 7.93 per cent.

"This reflects our strong corporate governance practices. We have never compromised on corporate governance," said Sarker, who established Purbani Group in 1973.

"Delinquent borrowers frequently show their dissatisfaction after failing to manage loans from us."

Sarker takes pride in the fact that the board does not intervene in the day-to-day running of the bank, which has paved the way for Dhaka Bank to strengthen its position in the market.

Over the years, the bank won the heart of depositors thanks to sound corporate governance.

Deposits stood at Tk 23,041 crore last year, up 12 per cent year-on-year.

"We strongly believe that loans should be disbursed complying with banking rules as the funds belong to depositors," Sarker said.

He describes customers as the main strength of Dhaka Bank, saying they play a major role in strengthening its financial health.

But the situation was completely different when Sarker and others planned to set up a bank in the 1980s, the industrialist recalled.

"The public faced lots of trouble and had to spend hours in queues at branches while securing banking services at that time," said Sarker.

The disappointing customer service prompted him to come up with the idea of establishing Dhaka Bank. He was the founder chairman of the bank.

Sarker also touched upon some issues confronting the financial sector.

He termed right the central bank's decision to discourage the imports of non-essential items to tackle the ongoing foreign exchange pressure in the banking sector.

He suggested the central bank make the lending rate cap flexible and follow a floating exchange rate.

"The economy is strong enough to maintain a flexible lending rate. We should follow the free-market economy in line with global standards," Sarker added.

## Western firms struggle

FROM PAGE B4

But Paulig is one of a relatively small number that have sold assets or handed over the keys to local managers. A Reuters tally shows fewer than 40, including McDonald's Societe Generale and Renault, have announced deals.

Interviews with half a dozen executives at companies who have divested assets show the complexity and uncertainty of selling at speed and hefty discounts - and why it may be taking many so long.

The obstacles are huge: confusion has swirled over what the Kremlin would allow foreign companies to do; staff are nervous after government threats of retaliation; sanctions have limited the pool of buyers and there is little time to check them out; sales prices have been steeply discounted; and negotiations are being done virtually because fears of reprisals make it too risky to visit Russia in person.

With Moscow preparing a new law that is expected to come into force soon allowing it to take control of the local businesses of Western companies that decide to leave, the stakes are getting higher.

"If you haven't started the process already or if you still have doubts about it, then it's going to get harder," Ladau told Reuters, speaking before Putin's swoop on the Sakhalin oil and gas project.

"Russia has no interest in letting foreign companies out of the market easily." Many Western firms have run into problems trying to leave.

Burger King halted corporate support for its Russia outlets in March, but the fast-food chain's roughly 800 restaurants are still open. Lawyers say part of the problem is the complexity of its joint venture-style franchise agreement.

UniCredit has disposed of some assets via swaps but has had to widen the search for potential buyers to countries such as India, Turkey and China.

## Govt allows rawhide

FROM PAGE B4

can also take the help of the Bangladesh Small and Cottage Industries Corporation in preserving rawhides and thereby get better prices, he said.

The government has been allowing export of rawhide from sacrificial animals over the last three years to create demand so that the valuable goods do not end up being discarded for a lack of good prices.

Over the last couple years, thousands of pieces of rawhides of sacrificial animals were discarded across the country after seasonal traders failed to ensure adequate prices.

Eid accounts for some 50 per cent of the rawhides the country generates in a year.

## Iran, Russia and Turkey

FROM PAGE B4

nations after invading Ukraine, was reported to have already asked Iran in May to supply it with key components it could no longer access.

As sanctions bite, the proposed cooperation on automobile constriction between the three nations could progress rapidly, Najafi-Manesh said.

"This idea can be realised very soon," he said.

"Manufacturing all the parts of this car... avoiding currency transfers to provide spare parts, and the existence of export markets are among the advantages of such a project." He added that the idea was first floated by Turkey and that Russia was "interested".

Iran has also suffered under stringent economic sanctions, reimposed by the United States in 2018 after Washington unilaterally pulled out of a deal with world powers on Iran's nuclear programme.

Western carmakers have ventured into Russia to assemble cars over the past two decades as the country's economy expanded.

But since Moscow sent troops into Ukraine in February, numerous car makers have stopped sales of their cars or parts to Russia -- including Audi, Honda, Jaguar and Porsche.

Makes that have halted Russian production include BMW, Ford, Hyundai, Mercedes, Volkswagen and Volvo.

Iran and Turkey share a land border, while Russia shares a maritime border with Iran and Turkey across the Black Sea and Caspian Sea respectively.

Turkey already exports more than $12 billion worth of automobile spare parts annually, while Iran was ranked the 19th largest automaker in the world in 2021, according to the International Organization of Automobile Manufacturers.

Based on OICA data, Iranian automakers produced 894,298 vehicles in 2021, IRNA reported.


Towfika Aftab, chairperson of Citizens Bank PLC, inaugurates the bank's commercial operations through its principal branch in Motijheel, Dhaka on Sunday. Masuduzzaman, Mohammed Iqbal, Mukhleshur Rahman, Sk Md Iftekharul Islam, Shafiqul Hoq, directors of the lender, and Mohammad Masoom, managing director, were present.

PHOTO: CITIZENS BANK PLC

Mohammed Younus, chairman of Shahjalal Islami Bank, virtually presides over the bank's 342nd board meeting recently. Mohiuddin Ahmed and Mohammed Golam Quddus, vice-chairmen of the bank, Anwer Hossain Khan, Md Sanaullah Shahid, Abdul Karim, Abdul Halim, Akkas Uddin Mollah, Khandaker Sakib Ahmed, Md Towhidur Rahman, AK Azad, Md Moshiur Rahman Chamak, Jabun Nahar and Fakir Mashrikuzzaman, directors, Md Masud, alternative director, Ekramul Haque, KAM Majedur Rahman and Nasir Uddin Ahmed, independent directors, and M Shahidul Islam, managing director, were present.

PHOTO: SHAHJALAL ISLAMI BANK

Mohammed Rabiul Hossain, managing director of Uttara Bank Ltd, inaugurates the bank's relocated foreign exchange branch on Dilkusha Road, Motijheel in Dhaka on Sunday. Maksudul Hasan, Md Abul Hashem, and Md Ashraf-uz-Zaman, deputy managing directors of the bank, were present.

PHOTO: UTTARA BANK

## Eastern Cables to export electrical wires to China

STAR BUSINESS REPORT

Eastern Cables is set to export aluminium electrical wires worth $4.20 million to China, according to a company disclosure posted on the Dhaka Stock Exchange (DSE) website yesterday.

The listed state-run cable and conductor manufacturer has already signed an agreement with China National Technical Imp & Exp Corpo (CNTIC) in this regard, it said.

CNTIC, managed by China's central government and headquartered in Beijing, distributes energy as its core business, which covers the import and export of major technical equipment, contracting and managing domestic and overseas engineering projects, and so on.

Stocks of Eastern Cables soared 9.94 per cent to Tk 161.50 after the news broke on the DSE website.

The local wire maker's sales rose 17.6 per cent year-on-year to Tk 67.86 crore in financial year 2020-21 and all of the sales were in local markets, according to the company's latest annual report.

But despite the higher sales, it incurred a loss of Tk 12.19 crore that year while it was Tk 16.92 crore previously. Eastern Cables has been failing to get orders from local and international buyers and so, its sales plunged in the last few years.

These losses were compounded by the fact that the company had to increase the salaries and wages of its employees as per the government's national pay scale, as per the annual report.

In 2020-21, it sold 2,072 tonnes of cables and conductors instead of the targeted 4,500 tonnes, and the trend was the same in the previous year also.

In addition, the company is lagging behind in competition with private companies, it said.

In this situation, the export agreement gave a good impression to stock investors and so, the stock price rose, according to a stock market analyst.

About 80 per cent of the people in Bangladesh's cities live in rented properties all their lives, mostly due to a lack of mortgage finance, which accounts for 3 per cent of the loan market in the country, below the average of 4.9 per cent in South Asia and 8.9 per cent in emerging markets. PHOTO: STAR

# First-ever housing bond launched

STAR BUSINESS REPORT

Thousands of low and middle-income urban and rural families in Bangladesh, often underserved by commercial banks, are expected to be able to take out affordable housing loans through the International Finance Corporation's investment in the country's first housing bond to be issued by Brac Bank.

The IFC will make a subscription of up to $50 million-equivalent Bangladeshi taka denominated, five-year senior bond by Brac Bank, in order to fund and expand the Bangladeshi lender's affordable housing finance programme, said the private sector lending arm of the World Bank Group in a press release yesterday.

The move is expected to create thousands of new jobs in construction and related industries.

It's estimated that about 80 per cent of people in Bangladesh's cities live in rented properties all their lives, mostly due to a lack of mortgage finance. Home mortgages only account for 3 per cent of the loan market in Bangladesh, below the average of 4.9 per cent in South Asia and 8.9 per cent in emerging markets.

This is because most financial institutions focus on providing housing finance to higher-income people, while access to formal housing loans for low and middle-income segments is very limited. This causes a surplus in premium housing and a shortage of both housing finance and housing units for low and middle-income people.

"We, along with the IFC, recognise that far too many low and middle-income earners simply can't access the funds they need to buy a home. Now people of semi-urban areas can also fulfil their dream of owning a house with our affordable home mortgage facilities," said Selim R F Hussain, managing director of Brac Bank, in the press release.

As an investor in the bond, the IFC will help deepen the country's long-term bond market which remains underdeveloped, according to the press release.

The investment was supported by the Joint Capital Markets Programme (J-CAP), a World Bank Group initiative to develop debt capital markets. The IFC's work upstream with J-CAP efforts involved supporting Brac Bank in structuring and laying the groundwork for the bond in Bangladesh.

The investment is also supported by the local currency facility of the International Development Association's Private Sector Window through a US dollar/BDT cross-currency swap to facilitate local currency lending.

"This innovative deal marks an important milestone in the development of the domestic long-term bond market and offers multiple benefits for Bangladesh, with first and foremost helping to tackle the acute need of low and middle-income people to obtain affordable housing finance," said Allen Forlemu, regional industry director of financial institutions group at the IFC for Asia and the Pacific.

"It is also the first time that a foreign investor plans to invest in an onshore local currency bond to be issued by a local private institution to finance housing. It then demonstrates opportunities for new foreign and local investors to invest in such thematic bonds in the domestic corporate bond market."

## Bida starts building inspection in Dhaka

STAR BUSINESS REPORT

Safety teams led by Bangladesh Investment Development Authority (Bida) started inspecting multi-storied commercial buildings in the areas of Dhaka North and South City Corporations yesterday.

Initially, 11 integrated inspection and monitoring teams were formed to inspect 1,072 buildings.

The Department of Inspection for Factories and Establishments (DIFE) is providing overall support for the smooth execution of inspection activities.

On the first day, the teams inspected Gulshan Pink City Shopping Complex in Dhaka North City Corporation and the Gausia Market in Dhaka South City Corporation.

These inspection activities are being carried out through a new checklist containing 82 questions, according to a statement released by the DIFE today.

Md Nasir Uddin Ahmed, inspector general (IG) of DIFE, briefed the teams about inspection rules on the eve of the inspection at a meeting held at the Sromo Bhaban in Dhaka.

## BGMEA seeks quick release of goods from BM Container Depot

STAR BUSINESS REPORT

Garment exporters yesterday demanded quick completion of survey and fast release of the 811 containers stored inside BM Container Depot, where a massive industrial accident took place last month, killing 49 and injuring 200.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) made the call in a meeting with Abu Hena Md Rahmatul Muneem, chairman of the National Board of Revenue (NBR), at the latter's office in Dhaka yesterday.

Some 391 containers of garment items have been waiting at the port area to be exported, said Shahidullah Azim, senior vice-president of BGMEA.

## Oil price rises

REUTERS, *London*

Oil rose on Monday as supply concerns driven by lower OPEC output, unrest in Libya and sanctions on Russia outweighed fears of demand-sapping global recession.

Euro zone inflation hit yet another record high in June, strengthening the case for rapid European Central Bank rate increases, while US consumer sentiment hit a record low. read more

Brent crude rose $1.55, or 1.4 per cent, to $113.18 a barrel by 1318 GMT after falling more than $1 in early trade. US West Texas Intermediate (WTI) crude rose $1.34, or 1.2 per cent, to $109.77.

The Organisation of the Petroleum Exporting Countries (OPEC) missed a target to boost output in June, a Reuters survey found.

## Locally made AI chatbot

FROM PAGE B1

The main purpose of the bot is to serve its citizens with necessary information and guidance related to transparency and security.

Approximately, 96.87 million internet users of the country can avail the service by simply using a smartphone or a computer.

In the first 30 days of deployment, the bot handled more than 4,000 unique sessions. And out of these queries, 13 per cent have been made over WhatsApp.

Chatbots are automated conversational programs offering customers a more personalised way to access information. The key takeaway is that they make use of machine learning and AI to understand queries or requests and formulate an accurate response of the users based on the conversation context via messaging apps, websites, mobile apps, or the telephone.

Reve Group, which entered the telecommunication and technology business in 2003, launched Reve Chat in 2015 against the backdrop of business process automation swelling globally with artificial intelligence-driven technology, replacing traditional call centres.

Chatbot virtual assistants are becoming increasingly popular among users in business-to-consumer (B2C) and business-to-business (B2B) settings.

The global chatbot market size was worth $526 million in 2021. It is expected to reach $3.6 billion by 2030, with a compound annual growth rate of 23.9 per cent during the forecast period (2022-2030), according to Straits Research, a market research organisation specialising in research and analytics.

Reve's chatbot can be integrated with Website, WhatsApp, Viber and Facebook Messenger and local talent with expertise in machine learning and artificial intelligence are developing these tools.

Reve Chat initially started with live chat services with local clients such as Rokomari, Othoba, Grameenphone, Transcom Digital and Southeast Bank.

Later in 2021, Reve Chat, which now employs around 70 tech talents, started developing chatbots.

In May that year, LankaBangla Finance launched "Shikha" chatbot, a virtual assistant developed by Reve Chat to provide faster, improved, and convenient services to customers.

The company is also getting many orders from global clients.

It has so far developed chatbots for many international clients including the Commercial Bank of Kuwait, Telecom Networks Malawi, Canadian Hearing Services, South America's leading transportation company Beat, India's Coolwinks and Public Gold Malaysia to name a few.

Recently, it has secured a big deal with one of India's largest e-Learning platform iNeuron.ai.

Hassan said modern organisations were now using smart AI-enabled chatbots to communicate with their audiences. Government organisations were no exception. They are also making smart decisions in choosing smart technologies for better communication with the citizens, he said.

"We have recently developed a chatbot for one of the largest financial organisations in the world and it will be launched soon," he added.

Film actor Amin Khan, also senior executive director of Walton, inaugurates the company's distributor showroom at the Haji Faruk Tower in College Bazar area, Shikolbaha in Karnaphuli upazila, Chattogram recently. Ekramul Hoque Patwary, managing director of Hoque Electronics, Amdadul Hoque Sarker, deputy managing director of Walton Hi-Tech Industries PLC, and Monirul Hoque Mona, head of Walton distributor network, were present. PHOTO: WALTON

## GP sees stocks fall

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should have quality services indicators that are not changed frequently.

This is because sudden policy changes are not favourable for long-term investors in the country, said the leading merchant banker.

Echoing the same, Shahidul Islam, chief executive officer of the VIPB Asset Management Company, said general investors think that Grameenphone's ban on selling SIMs has benefitted Robi while negatively impacting the leading network provider.

So, they are behaving accordingly in terms of trading, Islam added.

He went on to say that the BTRC took the decision citing the bad quality of Grameenphone's service but this raises the question of whether the quality of other operators was assessed properly.

"If the law is enforced fairly for all competitors, then it is acceptable even if it hampers stock investors, however, the BTRC did not publish any assessment for other telecom operators," Islam said.

"The decision against Grameenphone has negatively impacted its stock investors," added Islam, who is former president of the CFA Society Bangladesh.

Grameenphone's average call drop rate in December was at 0.29 per cent in Dhaka division, with exception to city corporation areas, according to the results of a nationwide drive published in March.

Robi's call drop rate during the same period was 0.23 per cent while Banglalink's was 0.32 per cent and Teletalk's was 2.69 per cent.

As per the BTRC's policy, the call drop rate should be less than 2 per cent.

Market leader Grameenphone had 8.49 crore subscribers as of this May, which is 46.11 per cent of all mobile subscribers in the country.

The BTRC said in its letter that Grameenphone has been increasing its subscriber base without improving its services.

It is also not providing compensation to customers for dropped calls despite the BTRC's earlier instructions to do so.

The regulator said it enforced the ban in the face of numerous complaints from policymakers and general customers.

Meanwhile, listed multinational telecom company Robi disclosed yesterday that it has entered an agreement for a three-year term loan with Dutch Bangla Bank Limited for an amount of Tk 400 crore.

However, it did not pledge any asset as a security in relation to the loan agreement.

A top official of Robi confirmed that the fund would be utilised to expand its network.

## Extra cash incentive planned

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Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, called for changing rules on the import of raw materials of non-cotton items apart from extending the cash incentive in order to make the shift to MMF.

The government has halved the value-added tax on the sales of MMF to Tk 3 per kg from Tk 6 and extended the 15 per cent corporate tax rate for the textile sector up to 2025 to help the sector grow.

Entrepreneurs have so far invested $20 billion in the primary textile sector.

## NBR extends VAT cut for edible oil

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to Tk 210 a week ago, according to data of prices collected by the state-run Trading Corporation of Bangladesh.

Prices of five-litre bottles of soybean oil and palm oil also declined.

On March 16 this year, the NBR slashed the VAT on edible oil imports to 5 per cent from 15 per cent to give some relief to consumers amid a public outcry against surging prices, slow delivery by mills, and stockpiling by a section of traders.

The benefit expired on June 30, 2022.

Earlier on March 14, the NBR removed both the 15 per cent VAT at production and 5 per cent VAT at the trading stage for edible oil.

Taslim Shahriar, senior assistant general manager of Meghna Group of Industries, said the extension of reduced VAT benefit is a good initiative.

"The edible oil market here will not be volatile," he said, adding that the cooking oil prices might decline domestically once consignments of soybean oil bought at reduced prices arrive by September.

But the devaluation of Bangladesh's taka against the dollar has increased import cost of edible oil, he said. Processors have to count additional cost up to Tk 20 per litre because of the weakening of the taka over the last several months.

## Trade deficit

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increased to $75.40 billion, up 39 per cent year-on-year when exports grew 33 per cent to $44.58 billion.

The higher trade deficit also sent the current account deficit to a record high of $17.23 billion in the first 11 months of FY22 in contrast to a deficit of $2.78 billion a year ago.

These also squeezed the foreign exchange reserves, which stood at $41.86 billion as of June 29, down $46.08 billion from a year ago.

The majority of the banks are now facing inadequate US dollars due to the high imports, which has consequently left an adverse impact on the exchange rate of the taka against the dollar. The exchange rate stood at Tk 93.45 each dollar yesterday compared to Tk 84.80 a year before.

# Govt allows rawhide export this year as well

## Price fixing meeting today

REFAYET ULLAH MIRDHA

Like previous years, the government has been approving applications of different companies seeking to export rawhide to create demand and enable better prices, said Tapan Kanti Ghosh, senior secretary to the commerce ministry, yesterday.

Last year, the government allowed 14 companies to export 2.30 crore square feet of rawhide, he told The Daily Star over the phone.

However, just around 1 crore square feet of rawhide could be exported so far, meaning that the full potential of the shipment quantity could not be utilised, he said.

**Last year, the government allowed 14 companies to export 2.30 crore square feet of rawhide**

The senior secretary also said the commerce ministry was allowing export of nearly 60 lakh square feet of rawhide by an almost similar number of companies this year.

The commerce ministry is also scheduled to fix prices of rawhides of the sacrificial animals in a meeting with the tanners and other associated traders at the ministry office in Dhaka today.

Ghosh suggested not to bring all the rawhide from outside of Dhaka to Savar Tannery Industrial Estate (STIE) in the 10 days following Eid-ul-Azha so as to reduce pressure stemming from processing rawhides on the STIE's central effluent treatment plant.

The inflow of rawhides from all over the country, be it on a single day or a single week, is so high that the plant cannot bear the load. Failing to get processed on time, a lot of the rawhides get damaged.

Ghosh also said a rawhide can be preserved for at least two months if salt was applied.

If local collectors apply salt on the rawhides, they can preserve it for a few days and they will also get better prices from tanners once demand rises, he added.

Local rawhide traders

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Tanners prepare rawhides for processing in Savar's Harindhara bazar area, one of the country's hubs for rawhide trade, on Sunday.

PHOTO: PRABIR DAS

SAVAR HARINDHARA BAZAR

# Rawhide traders worried over price decline

## Ukraine war, rising transport and labour costs deal a blow

SUKANTA HALDER

The price of rawhide is now lower compared to that two to three months ago for which the traders of Savar's Harindhara bazar, one of the country's hubs for raw leather, are worried over what lied in wait for them in upcoming Eid-ul-Azha.

Traders said at present cowhide was being sold at Tk 35 per square feet, goat hide at Tk 20 to Tk 25 per piece and skins of castrated goats at Tk 40 to Tk 45 per piece.

However, two to three months ago, cowhide was being sold at Tk 40 to Tk 45 per square feet whereas prices of the hides of goats alongside that of castrated ones were the same.

As for the reasons for the fall in prices, traders cited that the Russia-Ukraine war has had an impact on the leather market. Transportation and labour costs have increased with hikes in salt prices. Besides, prices of chemicals used in processing leather have increased, they said.

Zahurul Islam, owner of Sirajganj Traders at the market, said the price at which rawhide was sold last season seems to be prevailing this time around. Rawhide is unlikely to be sold at a price higher than that, he said.

"Last season, however, the price of rawhide was not good...Many tannery owners have not yet paid for last season's rawhides. It's a burden for businesspeople," Islam said.

Traders said another reason behind the fall in rawhide prices was that the government allowing certain companies to export "wet blue".

Wet blue leather refers to chrome-tanned leather, which is neither dried, dyed nor finished. It has to undergo another processing to be converted to usable hides for manufacturing goods such as shoes and bags or for export.

Khawaja Moinuddin, manager of Nurnabi Traders at the market, said at present the supply of rawhide was also slightly less compared to what was in previous years.

"It is difficult to say right now how the Eid market will prevail. Once the government fixes the price, we will decide on how much rawhide we will buy this time," he said.

"It all depends on the situation in the days ahead," Moinuddin said.

Yaqub Ali, proprietor of Bismillah Traders at the market, said a 60-kilogramme sack of salt, which was priced at Tk 550 three months ago, was now being sold at Tk 900.

The price of chemicals has doubled. The cost of transportation has increased by 60 per cent in the last six to seven months, he said.

Meanwhile in order to fix fair prices of rawhide before Eid, the Ministry of Commerce has started holding negotiations with the three associations of leather traders.

They are Bangladesh Tanners Association, Bangladesh Hide and Skin Merchants Association, and Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association.

The commerce ministry is also scheduled to announce the prices at its office in Dhaka today.

Last year, the price of salted cowhide in Dhaka was fixed at Tk 40 to Tk 45 per square feet and Tk 33 to Tk 37 outside Dhaka. Apart from this, hides of castrated goats was fixed at Tk 15 to Tk 17 per square feet.

Leather is not sold at the price fixed by the government in the market but at a lower price, said Zahurul Islam, owner of Sirajganj Traders.

Savar's Harindhara bazar, established in 2019, is home to more than 70 shops buying and selling rawhide of cows, buffaloes and goats.

Mohammad Abul Bashar, president of a rawhide traders' co-operative society at Harindhara bazar, said the traders have plans to buy a lot of hides this Eid.

They will get good prices if the government is strict in stopping the smuggling of rawhide, he said.

He said at least 10 lakh pieces of rawhides are bought and sold, worth over Tk 400 crore to Tk 500 crore, in this market during the Eid season.

This market has created around 1,000 jobs till date, he added.

Aftab Khan, president of the Bangladesh Hide and Skin Merchants' Association, said the demand for rawhides has increased.

"The price of rawhide, I believe, will be better during the coming Eid-ul-Azha compared to that last year," he said.

According to the Ministry of Fisheries and Livestock, 1.21 crore animals would be sacrificed in the country this year, two lakh more than that last year.

Md Shakawat Ullah, general secretary of Bangladesh Tanners Association, said they have a target of collecting one crore animal rawhides in the Eid-ul-Azha this year.

# Dhaka Bank focuses on SMEs, retails for growth

## Its chairman says

AKM ZAMIR UDDIN

Dhaka Bank Ltd has big plans for small and medium enterprises and retail clients as it looks to cement its position by reaching out to the under-served segments digitally, said its chairman Abdul Hai Sarker.

Since its inception in 1995, the bank has relentlessly put in efforts to speed up industrialisation in Bangladesh, playing an active role in the country's stellar economic growth.

The lender, which celebrates its 27th founding anniversary today, has set a target to create entrepreneurs across the country by disbursing SME loans with a view to ensuring inclusive growth.

"We not only disburse loans among small and medium enterprises. We also educate them on how to do banking efficiently," said Sarker in an interview with The Daily Star recently.

As of December, SME clients accounted for 12.01 per cent of Dhaka Bank's total outstanding loans of Tk 21,415 crore.

It has set a goal to more than double the SME lending to 25 per cent by the fiscal year of 2024-25.

"We are placing our highest concentration in SMEs as the number of corporate clients is limited," Sarker said.

Already, the bank disburses loans among small businesses at the district level.

The bank is widening its operation in the retail banking segment by rolling out several digital deposit and loan products and services.

For example, clients can open bank accounts sitting at home using the mobile-based application of Dhaka Bank.

Thanks to the instant national identification card verification process put in place by the central bank, customers can obtain their bank account number instantly.

**"We not only disburse loans among small and medium enterprises. We also educate them on how to do banking efficiently," says Abdul Hai Sarker, chairman of Dhaka Bank**

"We have also taken the initiative to disburse retail loans among the customers who maintain salary accounts with us," said Sarker, who completed post-graduation from the University of Dhaka in 1970.

Each applicant will be able to borrow Tk 25,000 within two hours after they submit the application through the digital platform.

The bank has initiated a pilot programme to implement the digital loan product, said Sarker, a former president of the Bangladesh Textile Mills Association.

Dhaka Bank has 60,000 clients who maintain payroll accounts with the bank.

According to the entrepreneur, many clients now prefer to carry out banking transactions without visiting branches. So, the digital products of the bank will help them enjoy banking services without any hassles.

The lender is now focusing on beefing up its cybersecurity to keep hackers at bay.

The private commercial bank has strengthened its green banking programme to address the ongoing climate change and help Bangladesh fight against global warming.

"We encourage environment-friendly businesses to borrow from our bank," said Sarker.

Dhaka Bank is one of the top lenders in the foreign exchange trade segment.

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# Western firms struggle to exit Russia

REUTERS, *Helsinki*

For foreign companies still working out what to do with their stranded Russian assets, President Vladimir Putin's seizure of a major oil and gas project is a powerful warning: Move fast or else.

Companies have been wrestling with how to exit in ways that limit the financial impact, do not put employees at risk and, in some cases, offer the opportunity to return in future.

Finnish coffee boss Rolf Ladau was one of the early movers.

When Western governments started slapping sanctions on Russia following its invasion of Ukraine in late February, the CEO of Paulig realised the coffee roasting business there was no longer viable.

Coffee wasn't on sanctions lists, but it was almost impossible to get beans into Russia as freight companies stopped shipping to and from the country. Paying in roubles was getting harder.

Two weeks into the conflict, Ladau decided Paulig would leave, and two months later it did what usually takes as long as a year - find a suitable buyer and seal a deal. In May, Paulig sold its Russian business to private Indian investor Vikas Soi.

More than a thousand Western companies have joined a corporate exodus from Russia - unprecedented in its scale and speed - as they scramble to comply with sanctions and amid threats of retaliation from the Kremlin.

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A general view of the Sakhalin-2 project's liquefaction gas plant in Prigorodnoye, about 70 kilometres south of Yuzhno-Sakhalinsk. Russian President Vladimir Putin has raised the stakes in an economic war with the West and its allies with a decree that seizes full control of the Sakhalin-2 gas and oil project, a move that could force out Shell and Japanese investors.

PHOTO: REUTERS/FILE

# Iran, Russia and Turkey mull joint car production

AFP, *Tehran*

Automobile industry officials from Iran, Russia and Turkey are considering joint car design and manufacture after sanctions on Moscow and Tehran put the brakes on production, Iran's state media reported.

"There is a great possibility of tripartite cooperation between car manufacturers and suppliers of the three countries," said Mohammadreza Najafi-Manesh, the head of Iran's Auto Parts Manufacturers Association, the official IRNA news agency said.

"These three countries can capture a large market for their products," Najafi-Manesh said, arguing that they could target a population of "at least 800 million if neighbouring regions are included".

Russia, slapped with sanctions by Western

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