StanChart introduces digital cross-border LC

STAR BUSINESS REPORT

Standard Chartered Bangladesh has recently completed the transmission of the country's first-ever paperless and digital cross-border letter of credit (LC).

The first client to complete the paperless application for the LC issuance was Heidelberg Cement Bangladesh Ltd, said the multinational bank in a press release yesterday.

The transaction was made possible by a recent amendment to Bangladesh's Import Policy Order, advocated for by Standard Chartered.

As per the new order, clients can apply for an LC online using bank's digital portal and there is no requirement to submit a signed physical copy of the application.

The change will facilitate international trade for the country by making the LC application process simpler, faster, and more efficient, said the bank.

The first client to complete the paperless application for the LC was Heidelberg Cement Bangladesh

"Digitalising trade is a critical lever to accelerate economic development and improve productivity," said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, in the press release.

He described the online LC application system as a milestone in the digital trade journey of Bangladesh.

"Digital LC application will increase the operational efficiency for our clients."

Jashim Uddin Chowdhury, chief financial officer of Heidelberg Cement Bangladesh, welcomed the development, saying it would reduce the time taken for forwarding an application to banks.

Stanley Sia, co-head of Asia, Digital Channels & Data Analytics of Standard Chartered, said, "Bangladesh has always been a priority market for trade digitalisation in the Standard Chartered's global footprint, given its immense potential."

"The revision in the Import Policy Order is a change we have long been waiting for. We believe that this amendment in the policy is a big, positive step towards making Bangladesh's trade more globally competitive."

Traders are seen with piles of saris awaiting sale at the Karatia market in Tangail sadar upazila. Although they had anticipated better sales this year following two years of downturn during the Covid-19 pandemic, Tangail sari weavers and traders have been let down by the poor customer turnout this year, particularly ahead of Eid-ul-Azha.

PHOTO: MIRZA SHAKIL

Poor Eid sales frustrate Tangail sari traders

MIRZA SHAKIL, *Tangail*

Tangail sari weavers and traders are disappointed ahead of Eid-ul-Azha this year as the people's decreasing purchasing power coupled with the ongoing flood situation in different parts of the country has led to poor sales, according to market players.

Weavers and traders said they could not sell an adequate number of saris even during Eid-ul-Fitr, when demand for the product is traditionally high compared to the current festival season.

This only compounded their woes following a two-year standoff with Covid-19, which had brought business to a grinding halt.

Tangail saris are produced all over Tangail district but production is particularly high in the Pathrail area of Delduar upazila, which is known as the capital of Tangail sari.

"Here, weavers produce different qualities and variations of saris using cotton, jute, silk and more," said Jogendra Basak, a weaver living in Pathrail.

Certain local weavers are adept at making changes to their designs to keep up with current trends and they can produce both casual and formal saris with prices ranging from Tk 500 to Tk 20,000.

And thanks to this flexibility in design and materials used, Tangail saris are usually a hot item in local markets ahead of any major cultural event, such as the two Eids, Puja and Pahela Baishakh.

"But sales are not satisfactory this year. Instead, business has fallen a lot since the coronavirus pandemic," said Abdur Razzak, who sells the saris through his shop called Tangail Kutir in Pathrail.

"I think people do not have sufficient money to buy saris at the moment as they spent a lot of their savings during and after the pandemic period," he added.

Razzak went on to say the abnormal spike in prices of all essential goods also cut the people's purchasing power.

Swapan Basak, a sari trader in Delduar upazila, said weavers had made various designs for the last several months in anticipation of higher sales on the occasion of Pahela Baishakh and Eid-ul-Fitr.

However, almost no sales were registered during Pahela Baishakh while receipts were also poor in the festival market centring Eid-ul-Fitr.

Now, traders have been frustrated by the low turnout of wholesalers ahead of Eid-ul-Azha.

As such, the saris are being sold almost exclusively at different local markets, including the hundred-year-old weekly Karatia and Bajitpur markets in Tangail sadar upazila.

In the past, wholesalers also came from India to buy Tangail saris, market sources said.

"But the number of wholesalers is not satisfactory this year," said Saiful Islam, a sari trader based in Karatia market.

Shahjahan Ansary, an organiser of the Karatia market, said the market would witness annual sales of around Tk 200 crore during the pre-pandemic era.

Sumi Akter, a resident of Bakshiganj in Jamalpur district who came to buy saris from Karatia market a couple of days ago, said prices of the product have increased this year.

"I sell the saris online with a low profit margin but as the prices of all types of Tangail saris ranging between Tk 1,000 and Tk 2,000 have increased by 20 per cent, my business has become untenable," she added.

Local weavers and traders said increasing input costs, such as yarn and wages, forced them to slightly increase prices this year.

They also mentioned that they had to increase their workers' wages due to a shortage of skilled labour in the profession as many handloom factories were permanently closed during the pandemic period.

As per data from the Tangail office of the Bangladesh Handloom Board, about three lakh weavers were employed by about two lakh handloom factories in different upazilas of Tangail a few decades ago.

At present, there are more than 25,000 manual handlooms and 3,000 power looms in the district but around half of the one lakh people currently working in the district came from neighboring regions, such as Sirajganj and Pabna.

MFS-to-bank fund transfer limit fixed

STAR BUSINESS REPORT

The central bank yesterday fixed the maximum transfer limit from a mobile financial service account to a bank account, a move that would give a boost to the fast-expanding mobile banking in Bangladesh.

The daily limit is Tk 50,000 and the monthly ceiling is Tk 3 lakh, said Bangladesh Bank in a notice. The decision came into effect immediately.

The move came as the central bank hadn't fixed any limit for transferring funds from an MFS account to a bank account when it issued its circular in April this year, creating confusion among service providers, said a central banker.

In fact, it was not mentioned in any previous circular.

As a result, most MFS providers have capped the daily transfer limit at Tk 25,000, equivalent to the cash-out ceiling.

The central banker says since a user can't keep more than Tk 3 lakh in their account at any given time, they have to transfer it to bank accounts. But they could not do so comfortably owing to the perceived cap.

"Now, we have come up with the new limit. As a result, the confusion will be cleared up," said the central bank official.

In Bangladesh, MFS has expanded thanks to its growing popularity among the low-income groups as well as the government's fund transfers related to various social safety net programmes and incentives.

There were 11.08 crore MFS users in Bangladesh in April, data from the central bank showed, transacting Tk 92,933 crore in the month.

Zimbabwe to sell gold coins as currency plunges

REUTERS, *Harare*

Zimbabwe's central bank said it would start selling gold coins this month as a store of value to tame runaway inflation, which has considerably weakened the local currency.

The central bank governor John Mangudya said in a statement on Monday that the coins will be available for sale from July 25 in local currency, US dollars and other foreign currencies at a price based on the prevailing international price of gold and the cost of production.

The "Mosi-oa-tunya" coin, named after Victoria falls, can be converted into cash and be traded locally and internationally, the central bank said. The gold coin will contain one troy ounce of gold and will be sold by Fidelity Gold Refinery, Aurex and local banks, it added.

Gold coins are used by investors internationally to hedge against inflation and wars.

Last week, Zimbabwe more than doubled its policy rate to 200 per cent from 80 per cent and outlined plans to make the US dollar legal tender for the next five years to boost confidence.

Soaring inflation in the southern African country has been piling pressure on a population already struggling with shortages and stirring memories of economic chaos years ago under veteran leader Robert Mugabes near four-decade rule.

Annual inflation, which hit almost 192 per cent in June, cast a shadow over President Emmerson Mnangagwas bid to revitalise the economy.

Zimbabwe abandoned its inflation-ravaged dollar in 2009, opting instead to use foreign currencies, mostly the US dollar. The government reintroduced the local currency in 2019, but it has rapidly lost value again.

WHEAT WAR

Ukraine conflict raises hunger fears

AFP, *Paris*

Russia's invasion of agricultural power Ukraine has severely disrupted the global wheat market, prompting warnings that the conflict could lead to hunger in some countries.

Why is wheat irreplaceable?

Wheat is milled into flour to make a huge range of foods, from bread to pasta to desserts.

"Everyone eats wheat, but not everyone is capable of producing it," says Bruno Parmentier, an economist and author of the book "Feeding Humanity".

Only around a dozen countries produce enough wheat to be able to export it, too.

China is the world's top producer but is also a major importer of the commodity to feed its 1.4 billion people.

Russia, the United States, Australia, Canada and Ukraine are the world's top exporters. Egypt, Indonesia, Nigeria and Turkey are among the top importers.

Why are wheat prices high?

Grain prices were already high before Russia began its invasion of Ukraine in February.

There were several factors behind the increases: Energy prices soared as economies bounced back from Covid lockdowns, sending costs for nitrogen-based fertilisers higher. The end of Covid restrictions also led to major disruptions to global supply chains as demand surged for all sorts of products.

In addition, a heatwave in Canada led to a dismal harvest in the country last year.

Why did the war worsen things?

Wheat prices surged even higher after Russian troops

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A farmer drives a combine harvester in a wheat field in Sainte Foy d'Aigrefeuille, near Toulouse, southwestern France.

PHOTO: AFP

Sri Lanka warns of crisis thru 2023

PM admits bankruptcy

AFP, *Colombo*

Sri Lanka is bankrupt and the acute pain of its unprecedented economic crisis will linger until at least the end of next year, Prime Minister Ranil Wickremesinghe told parliament Tuesday.

The island nation's 22 million people have endured months of galloping inflation and lengthy power cuts after the government ran out of foreign currency to import vital goods.

Wickremesinghe said the once-prosperous country will go into deep recession this year and acute shortages of food, fuel and medicine will continue.

"We will have to face difficulties in 2023 as well," the premier said. "This is the truth. This is the reality."

He said Sri Lanka's ongoing bailout talks

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