Star BUSINESS

Offer prompt services to investors of savings tools

BB asks banks

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks to provide the financial services required for clients to invest in savings bonds and instruments.

Allegations have come up that many clients face harassment from banks as they do not provide services on time, according to a BB notice.

As per the central bank instruction, lenders have to submit funds deposited by clients to the central bank's clearing houses within a day, after which they have to issue the savings bonds or certificates to savers.

Lenders have to fulfil the requirements of clients, such as change of nominees, account numbers and mobile phone numbers, or problems

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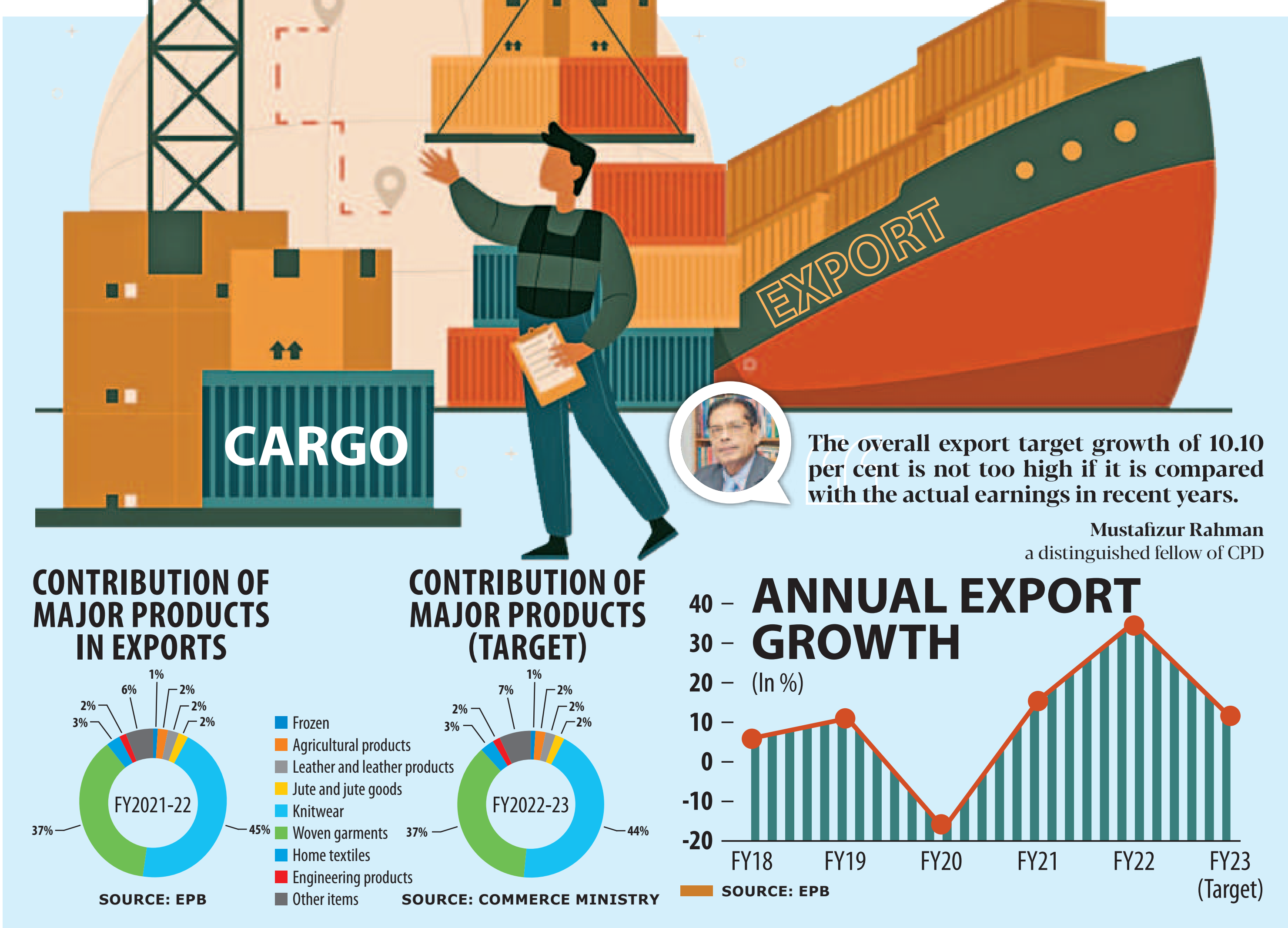


Govt targets lower export growth for global turmoil

To rely on traditional items to fetch $58b in FY23

REFAYET ULLAH MIRDHA

Bangladesh is targeting a lower export growth in 2022-23 despite raking in a record $52.08 billion in the last fiscal year largely because of insignificant strides in products and markets diversification and ongoing global turmoil.

The goal is up only 11.36 per cent from the actual receipts in 2021-22, when overseas sales surged 34.38 per cent, one of the sharpest paces of growth in recent years.

Like in previous years, the government will bank on traditional items such as knitwear and woven garments, which account for more than 80 per cent of national exports, to steer the growth since diversification of products did not take place as expected.

Apart from the two, only five items were able to fetch more than $1 billion in earnings in the last fiscal year.

The export target from the services sector has been fixed at $9 billion for 2022-23, an increase of 12.5 per cent from the actual earnings a year earlier.

Together, merchandise and service exports are expected to bring in $67 billion, which is 10.10 per cent higher than the total receipts in FY22.

Commerce Minister Tipu Munshi announced the new export targets at a press conference at his secretariat office in Dhaka yesterday.

"The targets are attainable," he said.

Economists and business leaders also say the targets are achievable although there are some challenges.

In the last fiscal year that ended on June 30, Bangladesh's merchandise shipment was 19.73 per cent higher than the target of $43.5 billion. Another $8 billion came from services exports, which surpassed the $7.5-billion target by 6.67 per cent.

The knitwear export target has been fixed at $25.6 billion from last fiscal year's $20.98 billion, while the country would depend on woven items to net $21.4 billion, which was $17.53 billion in FY22.

"The overall export target growth of 10.10 per cent is not too high if it is compared with the actual earnings in recent years," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

There are some disquieting factors both in domestic and international markets.

For instance, the issuance of utilisation declaration certificates from the Bangladesh Garment Manufacturers and Exporters Association and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) is declining.

The demand for deferral payments from buyers and higher inflation are among the major challenges facing the export sector, Rahman said.

Bangladesh's higher export earnings in FY22 were driven by higher prices for garment items paid by international retailers and brands owing to the sharp increases in commodity prices and freight costs. The weakening of the local currency against the US dollar amid abnormally high imports also pushed up export earnings.

So, Rahman called for diversifying products and markets to retain the strong export momentum.

"Bangladesh should go for non-cotton garment items as the demand and prices of such items is higher in the international markets than the cotton-made garment items."

Mohammad Hatem, executive president of the BKMEA, thinks a higher export target from the garment sector is possible although an 8 per cent growth has been fixed.

In FY22, Bangladesh exported garment items worth $42 billion and the new target for the sector is $46 billion.

"It is possible to achieve the target despite the Russia-Ukraine war because we are strong in basic garment items. The demand for basic items is always there whereas the consumption of high-end items falls during uncertainty and higher inflation," Hatem said.

The energy crisis, global economic slowdown and high inflationary pressures will pose as major threats to Bangladesh in pulling off the export target.

The recovery from the pandemic, the global supply chain crisis, the Ukraine war, the recent trends in Bangladesh's overall economic and export growth, and the government's fiscal and non-fiscal incentives have been considered in setting the export targets, Munshi said.

READ MORE ON B3

Had no certificate to handle risky chemicals

CPD says about BM Container Depot

STAR BUSINESS REPORT

Privately-owned BM Container Depot had been running without proper authorisation and certification required for storing and handling hazardous chemicals, found a study of the Centre for Policy Dialogue (CPD).

Meanwhile its firefighting system was incapable of tackling chemical fires.

The depot authority obtained an "orange category" licence to store and handle containers and export-oriented goods like readymade garments and food items.

But it did not obtain a "red-category" licence from the Department of Environment or the Bangladesh Fire Service and Civil Defence, a prerequisite for storing chemicals.

The study was conducted on the deadly fire and blast at the inland container depot (ICD) at Sitakunda.

The CPD found alarming weaknesses in industrial safety but it was not limited to this particular ICD.

There were institutional and operational weaknesses across the value chain of dangerous chemicals from production to transportation, storage and shipment.

It did not obtain a "red-category" licence from the Department of Environment or the Bangladesh Fire Service and Civil Defence, a prerequisite for storing chemicals

It found unclear or non-specified laws and regulations in dealing with such chemicals at different stages of the value chain and also institutional weaknesses in implementing these rules.

The CPD stressed on the need for establishing a comprehensive industrial framework for dangerous chemicals encompassing the whole value chain.

It also recommended adopting necessary amendments to rules related to handling of these chemicals concerning all stages of the value chain.

READ MORE ON B3

STOCKS

DSEX ▼	CSCX ▼
0.23%	0.20%
6,138.78	18,030.41

COMMODITIES

Gold ▼	Oil ▼
$1,708.5 (per ounce)	$99.36 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.15%	▲ 2.67%	▲ 1.68%	▲ 0.77%
55,397.53	27,680.26	3,170.29	3,304.72

BB takes more steps to ease forex pressure

STAR BUSINESS REPORT

Bangladesh Bank yesterday took more initiatives, including raising the interest rate on its Export Development Fund (EDF), to ease the ongoing pressure in the country's foreign exchange market.

The central bank has hiked the interest rate on EDF loans to 1.50 per cent per annum, up 50 per cent from 1 per cent previously, in order to make the borrowing costlier.

As such, banks will now charge manufacturer-exporters 3 per cent interest instead of the previous 2 per cent for availing the fund, according to a central bank notice.

The volume of the EDF now stands at $7 billion.

In another move, the central bank extended the usance period for the imports of industrial raw materials, agricultural machinery and chemical fertilizers under supplier's or buyer's credit.

A usance, or a deferred letter of credit (LC), means that even after buyers have received goods or services, they get a grace period to make the payment to banks or other lenders.

In January, the central bank pushed back the usance period to 270 days from 180 days.

Now though, it has been decided that the usance period will be extended to 360 days, the notice said.

READ MORE ON B3

Wholesale price of pointed gourd has dropped to Tk 300 per maund (around 37 kilogrammes) from Tk 1,600 in one and a half months for farmers at Gobindaganj upazila of Gaibandha, apparently for an increase in supply. However, retailers at the same place are charging Tk 30 per kilogramme, which means roughly Tk 1,100 per maund. The photo was taken a few days ago.

PHOTO: MOSTAFA SHABUJ

Idcol to get $256.5m global climate loan

STAR BUSINESS REPORT

Infrastructure Development Company Limited (Idcol) yesterday signed an agreement to receive $256.5 million from the Green Climate Fund (GCF) to promote private sector investment through large-scale adoption of energy-efficient technologies in the textile and garment sectors.

The GCF is the world's largest climate fund, mandated to support developing countries raise and realise their nationally determined contributions and ambitions towards low-emissions and climate-resilient pathways.

The GCF's governing instrument was approved by the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC).

SEE PAGE 3

Russia to restart gas export from Nord Stream 1 on schedule

REUTERS, *Moscow*

Russian gas flows via the Nord Stream 1 pipeline are likely to restart on time on Thursday after the completion of scheduled maintenance but at lower than its full capacity, two Russian sources familiar with the export plans told Reuters.

The pipeline, which accounts for more than a third of Russian natural gas exports to the European Union, was halted for ten days of annual maintenance on July 11.

The Russian sources, speaking on condition of anonymity because of the sensitivity of the issue, told Reuters the pipeline was expected to resume operation on time, but at less than its capacity of some 160 million cubic metres (mcm) per day.

Energy giant Gazprom cut gas exports through the route to 40 per cent capacity last month, citing delays in the return of a turbine Siemens was servicing in Canada

Kremlin-controlled energy giant Gazprom, cut gas exports through the route to 40 per cent capacity last month, citing delays in the return of a turbine Siemens Energy was servicing in Canada.

"They (Gazprom) will return to the levels seen before July 11," one of the sources said of the gas volumes expected via Nord Stream 1 from Thursday.

The benchmark Dutch front-month contract fell following the Reuters' report that flows will resume on Thursday.

Earlier in the day, the contract traded higher after the Wall Street Journal reported that the European Commision did not expect the pipeline to restart after the maintenance.

Gazprom and Nord Stream 1 did not reply to requests for comment on Tuesday. In the past, Gazprom has restarted Nord Stream on schedule after maintenance.

Russian President Vladimir Putin said on Wednesday that the capacity of Nord Stream 1 could be reduced due to problems with other pumping units, one of which would need to be sent for maintenance on July 26.

Nord Stream 1, which runs on the bed of the Baltic Sea to Germany, has been in focus since Russia sent troops to Ukraine on February 24 in what Moscow describes as a "special military operation".

A light engineering workshop in Naodapara area of Bogura sadar upazila specialising in making two parts of tubewells. The sector generates employment for 20,000 people in the upazila and generates Tk 200 crore in revenues for the government, according to the local Bangladesh Small and Cottage Industries Corporation office. The photo was taken recently. PHOTO: MOSTAFA SHABUJ

Monospool Paper directors' share sale raises questions

AHSAN HABIB

Stocks of Bangladesh Monospool Paper Manufacturing Company have skyrocketed in the last one year just after it had been relisted from the over the counter (OTC) market to the main board, all throughout riding on rumours and speculations.

The small capital-based company with non-demat stocks, meaning those in the paper format, remained in the OTC market for many years for its substandard performance.

The stock market regulator allowed it to be relisted on some conditions, including one that its directors could not sell shares.

The trading of the shares in the main market commenced from June 13, 2021. Since then, its stock soared 394 per cent to Tk 273 from Tk 55 as of February 2022.

Last month the directors starting selling shares taking approval from the stock market regulator.

SinceJune 13, its directors have announced in phases to sell a total 4.46 lakh shares, which is 4.75 per cent of its total shares.

This includes 2.09 lakh shares which Magura Group, one of the corporate directors of the company, yesterday, expressed the intention to sell at the prevailing market price through Dhaka Stock Exchange in the next 30 working days.

The group holds 8.09 crore shares of the company.

The stock market regulator allowed Monospool Paper Manufacturing Company to be relisted on some conditions, including one that its directors could not sell shares

Md Mustafizur Rahman, company secretary to the Monospool, said the regulator relaxed the condition because the directors had assured that they would repay the company's bank loans through this sale of shares.

With the loan repayment, both the company and shareholders will benefit, he added.

However, a top official of a merchant bank, preferring anonymity, said directors were an entity separate from a company.

So how directors will repay a company's loan is not clear in accounting standards, he said.

This will be possible only if they donate the share sale's proceeds, otherwise, the directors will benefit personally, he said.

"In the real world no director donates funds to a listed company," he added.

Even if they donate the money, it is not acceptable as now the share price is inflated, meaning it contains more of people's money than of directors, so any donation would in effect be that of people's money, he explained.

The company has a paid-up capital of Tk 9.3 crore, long-term loans of Tk 42 crore and short-term loans of Tk 23 crore, according to its unaudited financial reports.

Despite the huge amount of bank loans, the company showed that it had made higher profits in the period from July 2021 to March 2022 from that in the same period of the previous year.

Its profits rose to Tk 2.54 crore in the recent nine months whereas in the previous period it was Tk 26 lakh, according to the reports.

Yellen sees hope to avoid recession

AFP, *Washington*

The US economy is on solid footing and in good position to avoid a downturn, even amid rising interest rates, but still faces a number of global hazards, Treasury Secretary Janet Yellen said Tuesday.

While it will be "appropriate" to see slower growth now that the world's largest economy has recovered from the pandemic downturn, the American consumer remains in good shape amid a strong job market, Yellen told NPR.

But inflation is imposing a "substantial burden" on families, and getting prices down is a "top priority" for President Joe Biden, she said.

The Federal Reserve has been raising interest rates aggressively in a bid to quell demand and ease price pressures, after annual consumer price inflation surged 9.1 per cent in June.

But the challenge for the Fed is to tame inflation without causing a downturn.

Achieving a "soft landing... will require skill and good luck," Yellen said, but noted that she is "hopeful that that's achievable." However, "let's be clear-eyed there are risks that our economy faces," she cautioned, including the ongoing war in Ukraine and other developments that could further raise food and energy prices, as well as the slowdown in China.

China speeding up approvals for new coal plants: Greenpeace

AFP, *Beijing*

China has ramped up approvals for new coal power plants this year, Greenpeace said Wednesday, with authorities trying to lower the risk of economically painful electricity shortages.

China is the world's biggest emitter of the greenhouse gases driving global warming, and President Xi Jinping last year vowed to phase down coal use from 2026 as part of an ambitious set of national climate commitments.

But campaigners fear those targets are under threat with the government focused on economic challenges, even as the deadly impact of climate change is felt around the world.

In the first quarter of 2022, Chinese regulators gave the green light to coal plants with a total capacity of 8.63 gigawatts, according to research conducted by Greenpeace.

EU to unblock Russian bank funds for food trade

AFP, *Brussels*

The EU is preparing to carve out exceptions in its tough sanctions against Moscow that would unblock assets at Russian banks linked to trade in food and fertiliser, a document showed on Tuesday.

Member countries "want to make it abundantly clear that there is nothing in the sanctions that is slowing the transport of grain out of Russia or Ukraine," an EU diplomat told AFP on condition of anonymity.

The EU's proposal is part of the bloc's latest sanction update that is being negotiated by member states. It will require unanimous approval to enter into force.

A tangled web of bottlenecks

FROM PAGE B4

stance that it should regulate both insurance and microinsurance services and that only insurance companies should provide insurance. Insurance companies, albeit do not oppose microinsurance, resist the sales of insurance/microinsurance by MFIs.

Microinsurance experts, however, think that MFIs have an unparalleled position to expand and significantly grow the microinsurance market. But due to the regulatory bottleneck, MFIs are providing insurance services under the alias of risk mitigation services or client welfare services.

These services are essentially mandatory credit shield services where risk coverage is provided to the credit amount in addition to some extension services. The scope of these services is very limited as they are not able to operate under the domain of formal insurance per se.

The microinsurance sector also has further political complexities. Microinsurance is deeply connected to agriculture (particularly crop and livestock) insurance as the majority of the microcredit schemes provided by MFIs are crop loans and around 40 per cent of MFI clients invest their microcredit in livestock rearing.

Despite the inter-connectedness of the agricultural sector, the agriculture ministry has vehemently opposed crop insurance and is firmly against any form of subsidies for microinsurance, particularly the premium, fearing that they will discourage farmers to increase productivity. This fear primarily stems from a few high-level officials in the ministry. Consequently, this limited inter-ministry collaboration or the use of political power to enhance the microinsurance market.

Over the last decade, development partners have invested approximately $250 million in microinsurance projects. Most of these have not been successful in reaching either scale, sustainability, or profitability.

In many of these projects, in addition to project costs, the premiums have also been subsidised. This has caused new potential projects to consider subsidies that may not even be necessary as preceding projects have been heavily subsidised. Moreover, development projects have primarily catered to the crop and agriculture sector and have left out other potential sectors.

Apart from these, there is a multitude of complex issues that scar the insurance and microinsurance sector. Of them, a major issue is the lack of product development.

In order to develop insurance products, the specialised skill of actuarial science is necessary. Despite the IDRA mandating insurance companies to invest and develop actuaries, there are only six actuaries in Bangladesh. Most companies use international actuary consultants for product development which again limits the scope as a product may need further optimisation as it is launched into the market.

Furthermore, because actuarial science is nascent in Bangladesh, the IDRA developed a tariff system in the non-life sector where insurance products and their prices are set by the IDRA and the Central Rating Committee. This removes the need for innovation in product development since insurance companies do not require actuaries further or feel the need to develop skills in the field of product development.

In addition to this, most microinsurance services are predominantly in the domain of MFIs where the risk premium is fixed. Therefore, there is no need for actuaries to price premiums. This has caused a gap in the product-market-fit for insurance and microinsurance products.

All in all, the current demand for insurance and microinsurance is very low. This could be largely contributed to a lack of awareness of the benefits of microinsurance, a lack of trust in the concept of insurance and insurance companies, and existing products that do not meet the risk needs of beneficiaries.

The only positive aspect of very low penetration of insurance is that it has a strong scope of going up.

In the market system analysis study conducted by Innovision Consulting Pvt Ltd, we found that if 5 per cent of the total cropped land (3.97 crore acres) were brought under microinsurance, the crop microinsurance market size alone will stand at $547 million.

In spite of the current low demand, impressive growth can come from more than 3 crore smallholder farm enterprises and 78 lakh micro, small and medium enterprises in Bangladesh that are frequently exposed to economic or climatic shocks that result in massive income losses.

This huge market potential will not be realised unless the entire sector is brought under a vision with meticulous long-term plans. Perhaps, with the combined efforts of the private, public, and development sectors, the resilience of the climate-vulnerable people can be raised so that one flash flood cannot wipe a person's life, hopes and dreams.

The author is a research associate at Innovision Consulting Private Ltd, an international research consultancy firm. Views are personal.

UK inflation

FROM PAGE B4

bolstered bets that the BoE will opt for a 50-bps rate hike next month, which would be the biggest since 1995. The European Central Bank is considering such a move this week, sources told Reuters on Tuesday.

BoE Governor Andrew Bailey on Tuesday said that scale of borrowing costs increase was on the table but not "locked in".

The BoE has raised rates five times since December as it tries to stop the surge in inflation from becoming embedded in Britain's economy, and it is expected to increase them again on August 4.

"Soaring inflation means that momentum for a half-point interest rate rise in August is growing," Suren Thiru, economics director of accountancy trade body ICAEW, said.

Nuzhat Anwar, senior country officer of International Finance Corporation, and Md Arfan Ali, president and managing director of Bank Asia Ltd, exchange signed documents of an agreement for advisory services on "Risk Management and Credit Underwriting" at the Rangs Tower in Purana Paltan, Dhaka yesterday. PHOTO: BANK ASIA

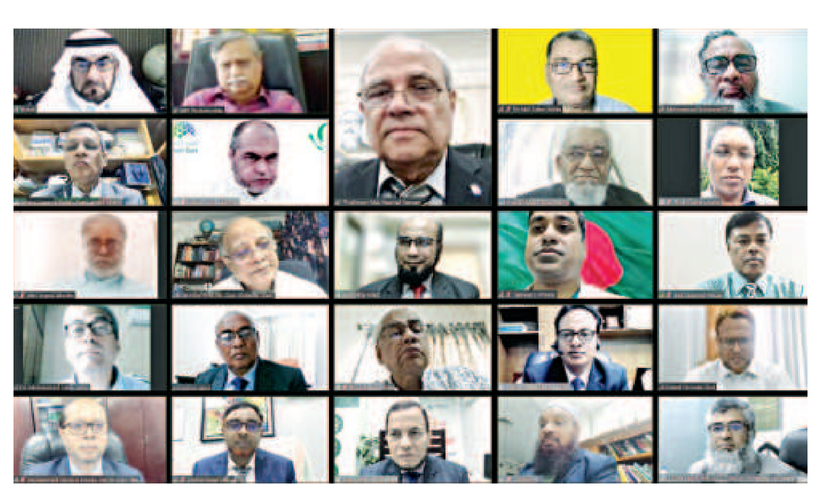
Bank Asia, IFC sign deal for advisory services

STAR BUSINESS DESK

Bank Asia Ltd signed an agreement with International Finance Corporation (IFC), a member of World Bank Group, for advisory services on "Risk Management and Credit Underwriting".

Md Arfan Ali, president and managing director of Bank Asia Ltd, and Nuzhat Anwar, senior country officer of the IFC, signed the agreement at the Rangs Tower in Purana Paltan, Dhaka yesterday, a press release said.

Partha Guha Thakurta, senior operations officer of the IFC, Mohammad Ziaul Hasan Molla, deputy managing director of Bank Asia, Tahmidur Rashid, senior executive vice-president and head of credit risk management, Mohammed Rashidul Kabir Rajib, senior vice-president and chief risk officer, along with other senior officials of Bank Asia, were present.



Md Nazmul Hassan, chairman of Islami Bank Bangladesh Ltd (IBBL), virtually presides over the bank's board of directors' meeting yesterday. Areef Suleman, representative of Islamic Development Bank, Yousif Abdullah Al-Rajhi and Md Shahabuddin, vice-chairmen of the IBBL, Mohammed Monirul Moula, managing director, and JQM Habibullah, deputy managing director, attended the meeting. PHOTO: ISLAMI BANK BANGLADESH

Turkey to resume drilling for gas near Cyprus

AFP, *Istanbul*

Turkey next month will resume drilling operation near the divided island of Cyprus, a top official said Wednesday, threatening to spark a new diplomatic row with the EU.

The European Union came close to sanctioning Ankara in 2020 for pushing into contested east Mediterranean waters in search of fresh natural gas reserves.

Turkey had been drilling near waters claimed by its historic rival Greece and the self-declared Turkish Republic of Northern Cyprus (TRNC) -- recognised only by Ankara.

Singer sees profit fall in Q2

STAR BUSINESS REPORT

Singer Bangladesh, a leading home appliance manufacturer and retailer, posted 51.55 per cent lower profit in the second quarter of 2022.

Singer's earnings per share (EPS) were Tk 1.40 in the April-June quarter as against Tk 2.89 in the same period last year, the company said in a filing on the Dhaka Stock Exchange yesterday.

The EPS was Tk 2.31 in the January-June period against Tk 4.69 in the same period of 2021, down 50.74 per cent year-on-year.

Its net operating cash flow was Tk 36.07 in the negative in the first half of 2022 compared to Tk 36.92 in the negative during the same period of 2021.

Singer's net asset value, which represents the net value of an entity, was Tk 30.38 per share on June 30 this year and Tk 34.06 on December 31 last year.

Import-laden containers are piling up at the Chattogram port as the rate of deliveries has not picked up since the Eid vacations, leaving a ripple effect on the period required for vessels to stay at anchor.

PHOTO: COLLECTED

Ctg port plagued by container, cargo congestion

DWAIPAYAN BARUA, *Ctg*

The Chattogram port is facing a fresh surge in both container and cargo congestion mainlydue to slow delivery of goods for ten days since the Eid vacation, disrupting scheduled departure and berthing of vessels.

Apart from the pile-up of import containers, the port's yards and sheds are also overcrowded with bulk cargo.

This has prompted the authority to threaten of raising the wharf rent fourfold from July 25 if importers do not speed up taking deliveries of bulk cargo.

Deliveries of both import-laden containers and bulk cargo has slowed down since the Eid-ul-Azha vacation last week.

It is causing overstays of vessels at jetties, which is leading to berthing delays for incoming vessels.

As of Wednesday, there were11 container vessels waiting for berthing at the outer anchorage.

The port last saw the usual pace of deliveries on July 7, the last working day before Eid, when 4,721 TEUs (twenty-foot equivalent units) of import-laden containers were delivered.

Though port operations, such as loading and unloading of containers and cargo, were suspended for only one shift on Eid day on July 10, deliveries started running slow since July 8 when the weekend started.

On the following 10 days till July 17, the average daily deliveries from the port stood at less than 2,000 TEUs. Usually, the figure stands at over 4,500 TEUs.

Due to such poor rate of deliveries, import containers are piling up at different yards.

The yards dedicated for storing full container loads (FCL), meaning shipments or cargo which required the full space of the container, are facing the worst scenario.

As of Tuesday morning, a total of 41,287 TEUs FCL containers were lying at those yards, exceeding their capacity of 40,368 TEUs.

The rate of deliveries, however, started improving since Monday and in last two days it crossed 4,000 TEUs.

But port users fear that the pace may decline again as there are weekends ahead.

Such congestion is forcing longer stay of vessels at the jetties.

Geared vessels, meaning those having on-board cranes, usually leave jetties in three days completing discharging import-laden containers and loading export-laden and empty ones.

Gearless vessel, that do not have cranes on board, usually require 48 hours for the same job.

A geared container vessel, Maersk Hai Phong, berthed at GCB jetty No 10 on July 16 and was supposed to leave the port on Tuesday.

The departure scheduled was deferred to yesterday.

Its local agent doubt whether even that would be possible and presume it would be on July 21.

An official of the ship's local agent said space scarcity in the yards were forcing vessels to take an additional one or two days for completing loading and unloading.

In a similar situation, MV Cala Paguro, which got berthing on July 16, deferred its scheduled departure on Tuesday.

Another vessel, Maersk Nusantara, which got berthing on July 15 and was supposed to leave on Monday, had to stay a day more and left Tuesday due to delays in loading and unloading.

As vessels are not leaving jetties on time, vessels waiting for berthing are also facing delay.

Two vessels, OEL Colombo and BLPL Trust, which arrived at the outer anchorage on July 16 and July 17 respectively and were scheduled to get berthing on Tuesday, had to witness their schedule being cancelled.

Muntasir Rubayat, head of operations of GBX Logistics, the local agent of BLPL Trust, said the vessel had to wait a day and berthed yesterday.

He said if importers do not speed up taking deliveries, there would be a scarcity of space in the yards and until the delivery rate normalises, discharging goods from vessels would not turn smooth.

"The deliveries gained some pace from Tuesday but again it would decline on the incoming weekends on Friday and Saturday," he said.

Contacted, Chattogram Port Authority Secretary Md Omar Faruk said the situation has already started improving and the delivery rates would normalise within two or three days.

Stocks extend losses

STAR BUSINESS REPORT

Most shares on the Dhaka Stock Exchange fell yesterday amid persisting uncertainty, deepening energy crisis and runaway inflation.

The DSEX Index, the benchmark index of the Dhaka Stock Exchange, declined for the seventh consecutive day as it closed at 6,138 after losing 14.39 points, or 0.23 per cent.

The DSES Index, which represents Shariah-based companies listed on the bourse, lost 0.13 per cent to 1,346, while the DS30 Index, which consists of the blue-chip companies, declined 0.32 per cent to 2,206.

Of the securities that changed hands at the premier bourse of Bangladesh, 110 advanced, 218 declined and 53 did not see any price movement.

The stocks extended their losing streak amid a confidence crisis, said International Leasing Securities Ltd, a brokerage house, in its daily market review.

Investors' confidence has been dented for the dragging war in Ukraine, which has caused energy crisis and supply chain disruptions and sent inflation to record levels in Bangladesh and many other countries.

LafargeHolcim delivers strong quarter

STAR BUSINESS REPORT

LafargeHolcim Bangladesh has reported strong quarterly results for the April to June period of 2022 riding on higher sales.

The cement maker's profit rose 10 per cent to Tk 122 crore in the quarter. It was Tk 111 crore in the same period last year.

Net sales increased 6 per cent to Tk 501 crore, said the company in a press release yesterday.

Riding on the better quarterly performance, the multinational company's half-yearly profit rose 1 per cent to Tk 217 crore and sales edged up 2 per cent to Tk 1,127 crore.

Rajesh K Surana, chief executive officer of LafargeHolcim Bangladesh, said the company navigated through challenging times due to the increased cost of freight and raw materials globally.

Trust Bank posts lower profit in Q2

STAR BUSINESS REPORT

Trust Bank registered a lower profit in the April-June quarter of 2022 compared to that in the period a year ago.

Its consolidated earnings per share stood at Tk 1.03 in the 2022 period whereas it was Tk 1.28 a year ago, said the bank in a Dhaka Stock Exchange website post yesterday.

Its consolidated EPS stood at Tk 2.22 in the January-June period compared to Tk 2.20 in the first half of 2021, according to the company's unaudited financial statements.

Its consolidated net operating cash flows, the measure of a firm's financial strength, stood at Tk 22.22 in the January-June period of 2022 whereas it was Tk 2.40 in the negative during the same period last year. Its consolidated net asset value per share stood at Tk 28.51 on June 30 this year and Tk 27.93 on June 30 last year.

BB takes

FROM PAGE B1

The new timeframe will remain effective till December 31, 2022.

However, the extended usance period will not be applicable for imports made on loans from the EDF.

The move is aimed at reducing the outflow of foreign currency for the time being.

A Bangladesh Bank official said the country's foreign exchange reserves are now under stress considering the blistering surge in import payments due to disruptions in the global supply chain.

So, the central bank is putting in effort to shield its reserves from the declining trend, he added.

Md Serajul Islam, spokesperson of Bangladesh Bank, said they had injected $15 million into the market yesterday in order to keep it stable.

"Such intervention may continue in the days to come if required," he added.

Earlier this week, the reserve stood at $39.70 billion in contrast to $46.15 billion in December last year.

Idcol to get $256.5m

FROM PAGE B1

Set up in 1997, Idcol is a government-owned non-bank financial institution working to catalyse private sector investment in areas such as renewable energy and infrastructure.

The signing ceremony was held virtually while Sharifa Khan, chairman of Idcol and secretary to Economic Relations Division, and Yannick Glemarec, executive director of the GCF, were present, said a press release.

This is the first concessional GCF credit line for Bangladesh, as well as the first private sector financing of the GCF in the country.

This fund will catalyse climate finance in low-emission and climate-resilient development of the industrial sector, read the statement.

Had no certificate

FROM PAGE B1

It recommended the monitoring institutions concerning industrial safety related to dangerous chemicals to regularly check the licencing, registration and certification and renewal of these documents.

The authorities include the National Board of Revenue (NBR), the Chittagong Port Authority (CPA), customs, navy, fire service, environment department and boiler authority.

Since a large number of authorities are involved with different roles and responsibilities, proper coordination needs to be assured, recommended the study. It recommended the need for a central authority to monitor the effective functioning of the laws, rules, protocols and other related compliances.

The CPD conducted the study after the deadly fire and explosion at BM Container Deport in Sitakunda on June 4.

In the incident, 51 people died, over 200 people were injured and assets worth $ 110 million were lost.

CPD Research Director Khondaker Golam Moazzem, who jointly conducted the study titled "Industrial Safety Concerning Chemical and Hazardous Products Supply Chain: What Lessons We Learned from Chittagong ICD Blast?", presented its findings at a media briefing yesterday.

Bangladesh imports all 15 chemicals considered as hazardous according to different international accords. The volume of the import of some has been increasing. The study mentioned that safety protocols maintained by CPA with regard to hazardous chemicals seemed to be inadequate.

It recommended giving special attention to safety measures at the Chattogram port as it handles a majority of the imported hazardous chemicals.

While presenting the findings of the study, Moazzem said most of the ICDs were found to be non-compliant over different aspects while several continue to run without timely renewal of licences.

Ten of the 19 private ICDs including BM Container Depot set up diesel pumps within their compounds without availing no-objection certifications from Bangladesh Petroleum Corporation, he said.

Some 13 ICDs do not have fire hydrants while the remaining ones started installing fire-extinguishing facilities after the BM fire, he added.

Since industrial use of chemicals as well as setting up of chemical manufacturing units are on the rise in the country, there is a heightened risk of related fires in the future, said Moazzem.

The supply chain of hazardous chemicals is linked to production, transportation, storage at the ICDs and shipment of these goods through the port, he said.

He underscored the need for focusing on safety concerns in handling such chemicals on every segment of the value chain.

He said protocols of the International Maritime Dangerous Goods (IMDG), meaning the international code for the maritime transport of dangerous goods in packaged form, were not being followed in Bangladesh.

Other than the navy and customs, no other certification providing and licencing authority has separate or specific clauses for handling hazardous chemicals, said Moazzem.

He stressed on the need for focusing on safety-related concerns of hazardous chemicals from an industrial safety framework point of view considering all important steps of the supply chain.

These include compliance with registration, licencing, certification, standardisation, a common set of protocols, compliance guidelines and standard operating procedures for management and operations considering occupational safety and health.

There are 20 ICDs in the country, including 19 privately-owned ones in Chattogram and a CPA-owned one in Kamalapur of Dhaka, with a storage capacity of 78,700 TEUs (twenty-foot equivalent units).

The ICDs or off-docks are operated privately as an extension of the port terminal facility and handle containers over the import of 38 select items, all export containers and empty containers.

Govt targets lower export growth

FROM PAGE B1

Two more sectors -- plastic and light engineering -- have the potential to earn more than $1 billion in the near future as they have higher demand in the global markets, said Abdur Rahim Khan, additional secretary of the commerce ministry.

The target for agricultural products has been fixed at $1.3 billion against $1.10 billion in FY22. Leather and leather goods exporters have been given the task of generating $1.3 billion in FY23 from $1.11 billion a year ago and jute and jute products exporters $1.2 billion, from $1.05 billion a year earlier.

Home textiles are expected to earn $1.8 billion in FY23, which was $1.46 billion in FY22. Some $604 million are being targeted from the sales of frozen and live fish and $964 million from engineering products.

Offer prompt services

FROM PAGE B1

related to electronic fund transfers (EFT).

The BB asked to settle the said issues within three working days.

The cheques presented for clearing houses will not be returned to clients without any valid reason.

Clients will not be compelled to open separate deposit accounts with the banks while depositing money for purchasing savings instruments.

A BB official said a good number of clients had recently submitted complaints to the central bank, saying they were frequently facing several kinds of problem while investing money in government instruments.

Against this backdrop, the central bank issued the notice asking banks to provide services promptly.

Oil price windfall tests Gulf's fiscal discipline

REUTERS, *Dubai*

A petrodollar windfall is helping some Gulf Arab states pay down debt and providing cash for others to diversify their oil-reliant economies, but it is also testing commitments to fiscal discipline as governments try to shield citizens from inflation.

Gulf oil producers have promised more prudence this time as crude prices have spiked higher, seeking to learn the lessons of previous periods of plenty that rapidly turned into eras of belt tightening and deep deficits.

The six Gulf Arab states - Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Bahrain and Oman - are on track for budget surpluses, some for the first time in a decade, with the help of buoyant oil prices and years of fiscal reforms.

Now, say analysts, they must hold this conservative line.

"The temptation to revert to pro-cyclical spending is real, especially as government contracting continues to drive economic activity in the largest economies, like Saudi," said Karen Young, senior fellow at Middle East Institute in Washington.

Some signs are encouraging. Saudi Arabia, Kuwait and Bahrain have cut spending in their current budgets, although the UAE, Qatar and Oman are spending more. Most budgets were drawn up before Russia invaded Ukraine, which helped send oil surging from below $80 a barrel at the end of 2021 to above $100 now .

Rocketing crude prices and other inflationary pressures have prompted central banks around the world to jack up interest rates, notably the US Federal Reserve. With most Gulf Arab state currencies pegged to the dollar - except for Kuwait's, which is linked to a currency basket - they have largely followed suit.

But inflation at home, even if not as high as elsewhere, has encouraged some, such as Saudi Arabia and the UAE, to boost state spending on social welfare to help citizens.

"The expectation is that inflation is not going to go out of control, but the pressures are there," said Ravi Bhatia, director and lead analyst at S&P Global Ratings. "I don't think it's going to be a game changer on the fiscal front."

Annual inflation in the UAE, the only Gulf state with no cap on vehicle fuel prices, rose to 3.3 per cent in the first quarter, its highest since August 2018. Petrol prices have jumped by 60 per cent since February.

Seeking to offset such price pressures on citizens, Kuwait, which faced a liquidity crunch in 2020, has approved a one-time grant for pensioners totalling almost 600 million dinars ($1.95 billion). Oman has cut electricity tariffs for households.

But Gulf states are increasingly aware that the world's long-term shift away from fossil fuels puts a limit on this oil bounty, adding impetus for them to spend more of their cash windfall on diversifying oil and gas-reliant economies.

Saudi Arabia, the UAE and Oman, for example, have all outlined plans to develop production of 'green' hydrogen, made by splitting water using renewable energy.

Gulf sovereign wealth funds are also playing a part in broadening the role of private enterprise in economies that have long depended on state spending as the main driver.

Scott Livermore, chief economist at Oxford Economics, said spending on diversification from oil would remain high, but he added: "The area where ambitions may be scaled back is diversification of fiscal revenues and trimming back public sector employment."

Russia is China's top oil supplier for 2nd month

REUTERS, *Singapore*

Russia held its spot as China's top oil supplier for a second month in June as Chinese buyers cashed in on lower-priced supplies, slashing more costly shipments from Saudi Arabia, data showed on Wednesday.

Imports of Russian oil, including supplies pumped via the East Siberia Pacific Ocean pipeline and seaborne shipments from Russia's European and Far Eastern ports, totalled 7.29 million tonnes, up nearly 10 per cent from a year ago, according to data from the Chinese General Administration of Customs.

Still, Russian supplies in June, equivalent to about 1.77 million barrels per day (bpd), were below May's record of close to 2 million bpd, a level analysts had expected to be maintained.

Despite US sanctions on Iran, China has kept taking Iranian oil, usually passed off as supplies from other countries

China imported 5.06 million tonnes from Saudi Arabia, or 1.23 million bpd, down from 1.84 million bpd in May and 30 per cent below the level in June last year.

Year-to-date imports from Russia totalled 41.3 million tonnes (1.67 million bpd), up 4 per cent on the year but still trailing behind Saudi Arabia, which supplied 43.3 million tonnes (1.75 million bpd), a volume 1 per cent below year-ago level.

China's total crude oil imports sank in June to near a four-year low as rigid lockdowns to contain the spread of coronavirus reduced fuel demand.

The rise in imports from Russia also displaced supplies from Angola and Brazil.

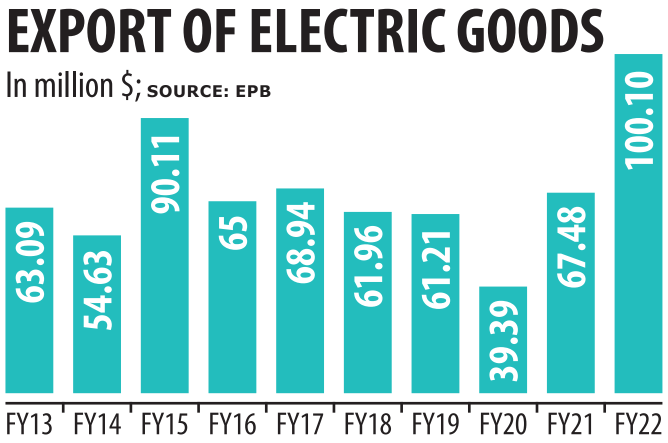
The Customs data showed China imported 260,000 tonnes of Iranian crude oil last month, its fourth shipment of Iran oil since last December, confirming an earlier Reuters report.

Despite US sanctions on Iran, China has kept taking Iranian oil, usually passed off as supplies from other countries.

These supplies, roughly 7 per cent of China's total crude oil imports, are facing competition from the growing Russian flows. Customs reported zero imports from Venezuela.

EXPORT OF ELECTRIC GOODS

In million $; SOURCE: EPB

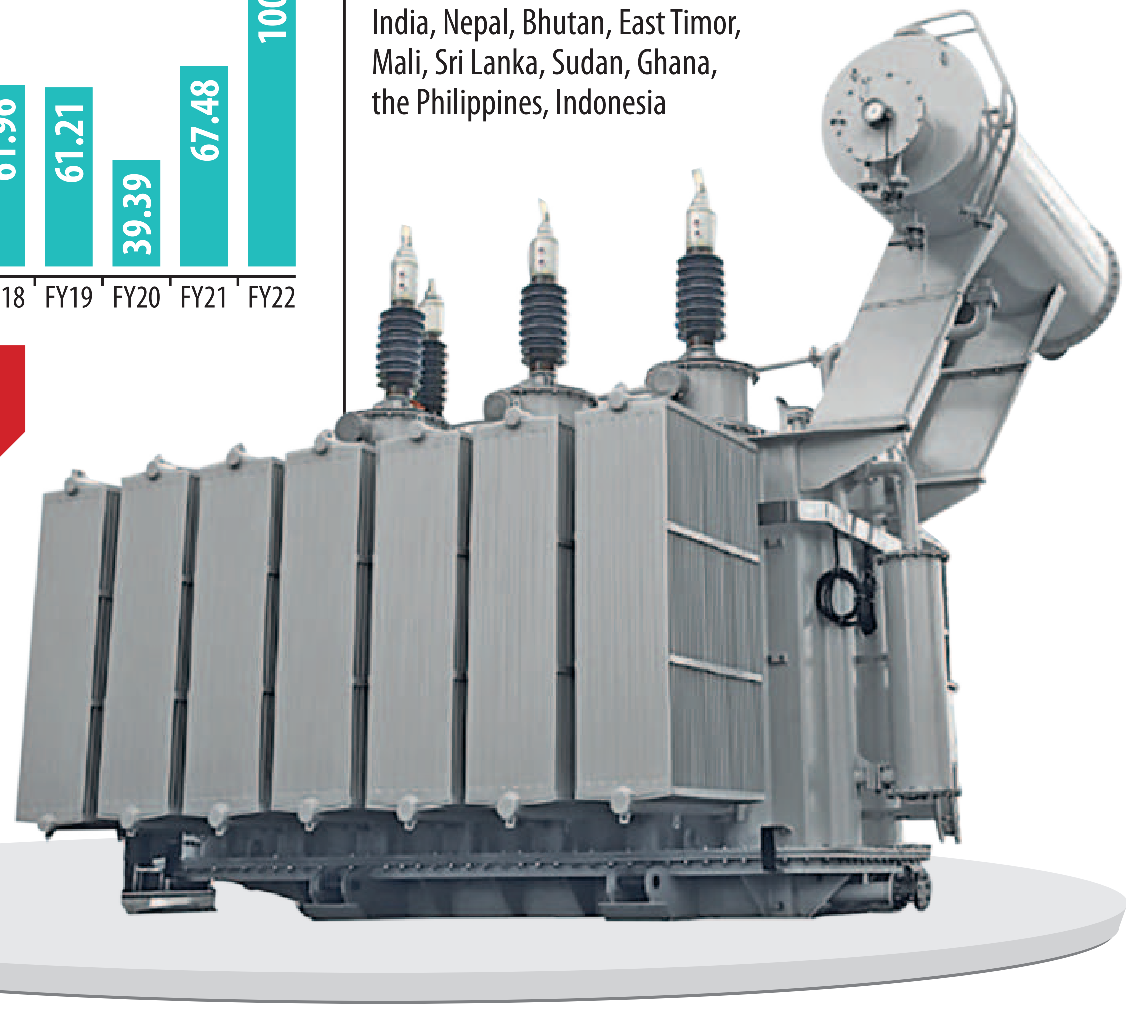


TOP EXPORT DESTINATIONS

India, Nepal, Bhutan, East Timor, Mali, Sri Lanka, Sudan, Ghana, the Philippines, Indonesia

TOP EXPORT ITEMS

- Transformers
- Electric accumulators
- Electric water and space heaters, hair-dressing apparatus, irons
- Photosensitive semiconductor devices, light emitting diodes



Exports of electric goods surge to $100m

SUKANTA HALDER

Locally manufactured electric products, namely transformers and accumulators, are gaining popularity abroad as the industry's annual export earnings touched a record-high of $100 million in the just concluded fiscal year.

The last time export proceeds from electric goods even came close to the current level was back in fiscal 2014-15, when outbound shipments fetched a total of $90 million.

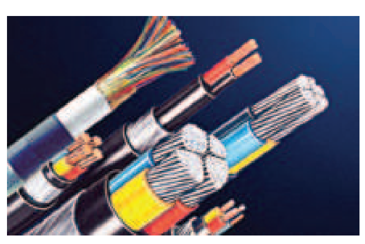
The industry's annual foreign earnings had fallen to around $65 million the following fiscal and despite a slight recovery in the year after, export receipts continued on a downward trend, hitting a low point of around $39 million in FY20.

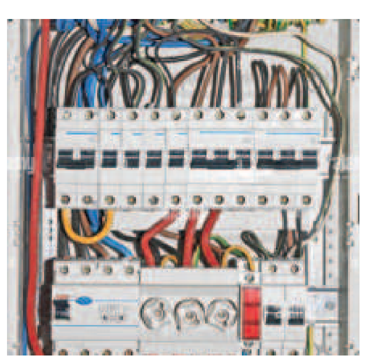
Exports then ballooned by about 71 per cent in fiscal 2019-21 before going on to hit $67 million in fiscal 2020-21, according to the Export Promotion Bureau (EPB).

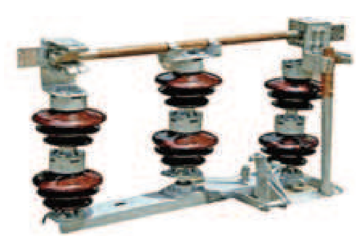
Industry insiders say the growth in exports was possible thanks to an increase in skilled manpower, production quality, branding, and acceptance in international markets.

Humayun Rashid, managing director and chief executive officer of Energypac Power Generation, said exports have risen as they are producing products of international standard.

"Efficiency is increasing and for this reason, the market is expanding," he added.







Rashid went on to say that it took a lot of effort for the industry to reach its current milestone as local manufacturers and exporters are tirelessly working to grab a bigger share of the global market.

Energypac currently exports electric goods to India and Nepal while the company previously shipped some products to Sudan, Ghana and the Philippines.

Rashid then explained that the industry could do even better with the help of government support in regards to building confidence on local products in the international market.

In addition, if the industry was given priority similar to the garment sector, then it could be possible to export up to $1 billion worth of electric goods in the next four or five years.

"We are mainly exporting transformers, switchgear, isolators and transformers," he said, adding that they now want to compete with China in supplying electric goods.

Other electric goods exported from Bangladesh include, but are not limited to, cables, distribution boards, tube lights, insulators, fans, heat and speed control systems, magnetic contractors and switches.

Sohel Rana, chief business officer of electrical appliances at Walton Hi-Tech Industries, said they are capable of producing products that meet international standards.

Bangladesh is now able to produce more quality products at a lower price because the country has more skilled manpower than before.

"We have exported fan, LED lights and switch sockets to Nepal, Bhutan, India, Uganda, East Timor, Mali, Yemen and Sri Lanka. We are working on expanding in the global market," he said.

According to Rana, Walton exported about 10,000 fans, switch sockets and LED lights between January and July this year.

"Our exports will open up new horizons in Europe, the Americas and Africa because necessary measures have been taken to export goods to these regions," he added.

KMG Kibria, assistant general manager of Minister Hi-Tech Park, said they are preparing for exports, which may begin next year.

"Electric products have great potential in both local and international markets. Other than China, those who are in this market are not doing very well and so, Bangladesh has a big opportunity in this regard," he added.

"Our primary target is to export to the Middle East, Nepal, Bhutan and some parts of India and Africa."

MICRO-INSURANCE SECTOR

A tangled web of bottlenecks

RAKIB BIN SHAHID

"In certain haor areas of Sylhet, one bad season, one flash flood is all it takes for a farmer to lose everything. These farmers are left with no options but to migrate to Dhaka and take up menial jobs such as security guards," said a high-level representative of the Department of Agricultural Marketing as he was being interviewed for a study on microinsurance.

Intercepts of these interviews keep ruminating on my mind as I read up on the devastating flood in Sylhet where 72 per cent of the entire division went underwater. According to the Sylhet district administration, the flood affected more than 389,000 families in the district, damaging about 22,000 homes and almost 29,000 hectares of cropland.

The extensiveness of the catastrophe should not come to us as a surprise as Bangladesh is ranked fifth in the world in terms of economic losses due to climate change and has experienced more than $3.7 billion of losses from 2000 to 2019. According to a study, Bangladesh is the seventh most climate change-vulnerable country in the world with approximately 56 per cent, or 9 crore, of its population living in "high climate exposure areas".

The insurance sector can play a significant role in the coverage of risks of the climate-vulnerable people of the country through various products such as climate risk insurance, crop microinsurance and livestock microinsurance.

According to the Insurance Development Forum, a 1 per cent increase in insurance penetration can reduce the disaster recovery burden on taxpayers by up to 22 per cent. Despite the potential benefits, the insurance penetration in Bangladesh remains at 0.4 per cent, failing to reach even half of a single-digit penetration.

Despite low demand, impressive growth can come from more than 3 crore smallholder farm enterprises and 78 lakh micro, small and medium enterprises that are frequently exposed to shocks

What is holding up our insurance sector, particularly the microinsurance sector?

A Market System Analysis (MSA) study by Innovision Consulting identified the bottlenecks of the sector.

Global evidence suggests microinsurance can boost economic performance and build resilience by stimulating risk appetite and the shock absorption capacity of enterprises, particularly smallholder farmers. Microinsurance, in fact, is not new in Bangladesh and has existed since 1972 when Brac launched health insurance schemes that were micro in nature. There have been at least 17 microinsurance-based projects since then.

Despite its 50-year-long presence, the microinsurance sector still has no regulatory framework. The Insurance Development Regulatory Authority (IDRA), the regulatory body for insurance that is at par with the Bangladesh Bank or the Microcredit Regulatory Authority, despite being formed 12 years ago, has failed to provide even an official definition of microinsurance, let alone any regulatory framework.

Furthermore, ambiguity in the 2006 MRA Act and the 2010 Insurance Act caused confusion in regards to who can provide insurance services. This has caused a decade-long discomfort between not only the regulators but also insurance and microfinance organisations (MFIs).

However, the IDRA has since taken a firm

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EU asks members to cut gas use by 15pc

REUTERS, *Brussels*

The European Union told members states on Wednesday to cut gas usage by 15 per cent until March as part of an emergency plan after President Vladimir Putin warned that Russian supplies sent via the biggest pipeline to Europe could be reduced further.

Deliveries via Nord Stream 1 pipeline, which accounts for more than a third of Russian gas exports to the EU, are due to resume on Thursday after a 10-day halt for annual maintenance.

But supplies via that route had been reduced even before the maintenance outage in dispute over sanctioned parts, and may now be cut further, while flows via other routes, such as Ukraine, have also fallen since Russia invaded its neighbour in February.

The disruptions have hampered Europe's efforts to refill gas stores before winter, raising the risk of rationing and another hit to fragile economic growth if Moscow further restricts flows in retaliation for Western sanctions over the war in Ukraine.

The European Commission proposed a voluntary target for all EU states to cut gas use by 15 per cent from August to March, compared with their average consumption in the same period in 2016-2021.

"Russia is blackmailing us. Russia is using energy as a weapon. And therefore, in any event, whether it's a partial, major cut-off of Russian gas or a total cut-off of Russian gas, Europe needs to be ready," EU Commission President Ursula von der Leyen said. The proposal would enable Brussels to make the target mandatory in a supply emergency, if the EU declared a substantial risk of severe gas shortages.

The move, which needs the backing of EU states, will be discussed on Friday, so ministers can approve it at an emergency meeting on July 26.

Shoppers browse products at an indoor market in the city centre in Bradford, northern England. UK inflation rose to 9.4 per cent year-on-year in June, hitting a new four-decade high, which may push the Bank of England to tighten its rate policy.

PHOTO: AFP/FILE

UK inflation hits 40-year high

AFP, *London*

Surging petrol and food prices last month pushed British inflation to its highest rate in 40 years, according to official figures that bolstered the chances of a rare half percentage-point Bank of England interest rate hike next month.

The Office for National Statistics said annual consumer price inflation rose in June to 9.4 per cent, the highest since February 1982, up from May's 9.1 per cent and above the 9.3 per cent consensus in a Reuters poll of economists.

The latest increase means Britain had the highest rate of inflation seen in any Group of Seven advanced economy since 1985, although many smaller European Union countries are currently seeing even faster growth in prices.

Wednesday's data

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