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BB to sign MoU with banks to cut default loans

REJAUL KARIM BYRON and
DWAIPAYAN BARUA

Bangladesh Bank plans to sign a memorandum of understanding (MoU) with 10 commercial banks for taking various steps on a pilot basis, including periodically publishing their lists of defaulters, in a bid to reduce their default loans.

The central bank recently shared this plan with a visiting mission of International Monetary Fund (IMF).

The IMF mission submitted a statement to government high-ups on Thursday wrapping up its nine-day tour.

A finance ministry official said the IMF mission provided its preliminary findings in the statement and a detailed report would come later.

In the statement, the international lender mentioned four major reform priorities to boost medium-term growth prospects.

IMF stresses strengthening corporate governance of banks and adopting risk-based supervision

These include strengthening corporate governance of banks, adopting risk-based supervision and strictly enforcing the current prudential framework and withdrawing waivers and phase-in periods for required provisions.

It also spoke of reforming the legal system to support a stronger enforcement of creditor rights and incentives for debtors to make repayments.

The IMF said the government informed them that they would amend the bank related acts by the end of this year.

According to the IMF statement, tackling the high amount of non-performing loans (NPLs), especially in state-owned commercial banks, remains a major challenge.

"Bangladesh Bank plans to sign memorandums of understanding on a pilot basis with 10 commercial banks to devise a credible plan to reduce NPLs," it stated.

"In the interim, BB (Bangladesh Bank) should resume publishing data on 'stressed advances' as done until 2018," it read.

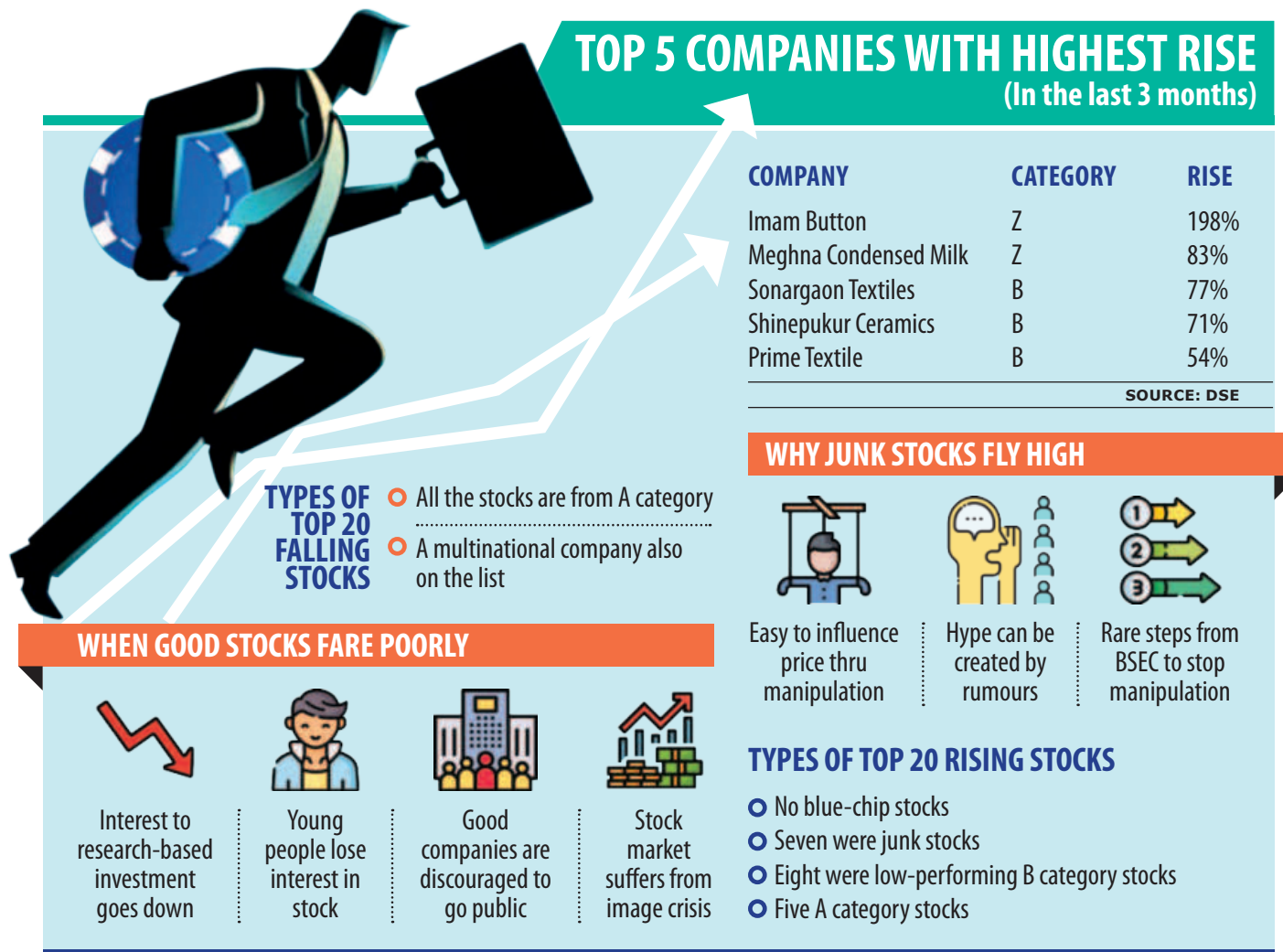
"Ensuring that the classification and provisioning requirements are in line with Basel standards and conducting an asset quality review of SOCBs (state-owned commercial banks) is an important first step," it added.

Non-performing loans totalled Tk 113,441 crore in March, seeing a 19.3 per cent year-on-year surge.

An official of Bangladesh Bank said another technical mission from the IMF would come later to provide assistance to the central bank for reducing default loans.

In the IMF statement, it was mentioned that greater supervisory oversight, including developing internal NPL management skills and setting

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Junk stocks beat blue chips as rumours abound

AHSAN HABIB

Low-performing stocks have kept dominating over blue-chip and sound shares in an unpromising sign that the stock market in Bangladesh is driven more by speculation instead of the health and performance of companies.

It will become evident if anyone takes time to look into the 20 stocks that recorded the highest increase in the last three months to July 21: seven junk stocks topped the gainers' list along with eight low-performing companies. No shares of the DSE-30 Index, which consists of blue-chip firms, could make it to the list.

Most multinational stocks and a number of renowned local conglomerates declined during the period in keeping with the bearish trend of the market, which is reeling under the global and local economic crises.

Analysts say the tendency is not a good sign for the market because it discourages investors, including the institutional ones, who make investment decisions based on analysis.

In another flip side, good companies will lose interest to go public, they added.

In the last three months, some junk stocks, which have failed to provide any dividends for years, were sold like hot cakes whereas the benchmark index of the Dhaka Stock Exchange (DSE) plunged 7 per cent, or 480 points, data from the exchange showed.

For example, Imam Button, a junk stock that has not paid any dividend to shareholders after 2010, rocketed 198 per cent to Tk 137 from Tk 46, posting the highest pace of growth among the 20 companies.

The second highest growth was recorded by Meghna Condensed Milk although the company has had no

securities to dizzying heights.

The surge in the low-performing stocks is giving a message that the exchanges have become a manipulation-based market, according to Siddiqi.

"However, there are many well-performers that have been making a good profit for years and have growth potential."

The soaring prices of low-performing companies have also cemented the belief among a section of investors that the stock market is a place for making an abnormal profit.

A big firm placed a large amount of funds with an asset management company three years ago. Now it is trying to take it back because of the lower yield of the stocks it was invested in compared to speculative stocks, said a top official of the asset management firm.

"A negative mindset has grown even among corporates that the stock market is a gambling board and produces a higher return. So, they have no interest in investing in good stocks. This attitude is an alarming sign for the market," the asset manager said.

Sharif Anwar Hossain, a former president of the DSE Brokers Association, said the investors who invest in good stocks are not active in the market because the securities have not risen to a large extent for several months.

"On the other hand, some low paid-up capital-based companies are rising

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history of giving dividends since its listing in 2001. The stock climbed 83 per cent to Tk 37.5.

Such a mismatch, however, is not rare in the premier bourse of the country. In fact, it has been a common scenario in the last several years.

"As a result, many people have already lost confidence in good stocks as low-performing securities are rising more," said Faruq Ahmed Siddiqi, a former chairman of the Bangladesh Securities and Exchange Commission (BSEC).

He said manipulators are targeting the low-performing or low paid-up capital-based companies and some people are chasing them, sending the prices of the

Newsweek highlights achievements of Bangladesh

Lauds Transcom, other companies

STAR BUSINESS REPORT

The US weekly magazine Newsweek has highlighted the story of Bangladesh's spectacular economic advancement and its achievement in eliminating poverty in its latest issue.

The New York-based magazine said the nation is entering into its second half-century in strong shape as it becomes one of the fastest-growing economies in the Asia Pacific region under Prime Minister Sheikh Hasina who has overseen "a rapid transformation of the domestic economy" over more than a decade.

The expansion of industries led by domestic entrepreneurs has paved the way for Bangladesh to begin its journey to becoming an industrial nation by reducing its high reliance on agriculture.

Industry's contribution to Bangladesh's economy grew from less than 20 per cent to 33.5 per cent between 2010 and 2018, said Newsweek

Industry's contribution to Bangladesh's economy grew from less than 20 per cent to more than a third (33.5 per cent) between 2010 and 2018, while manufacturing's contribution to gross domestic product has doubled since 1980, with exports growing 20-fold since the 1990s, said Newsweek's content from The International Investor section.

The magazine also featured several outstanding business houses, including Transcom Group, that drive the growth of the economy.

Transcom, relaunched in 1973 by its Founder Chairman Latifur Rahman, is a fast-growing conglomerate in Bangladesh and is active in diversified sectors of the economy, including healthcare, fast-moving consumer goods, food and beverage, media, electronics, logistics, and distribution.

Latifur Rahman won the Oslo Business for Peace Award in 2012 for maintaining his commitment to social responsibility and ethical values.

"That is where our strength comes from, and this is the legacy our chairman left for us," said Transcom Group Chief Executive Officer Simeen Rahman.

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STOCKS	
DSEX ▲	CSCX ▼
0.78% 6,376.94	3.37% 17,968.38

COMMODITIES	
Gold ▲	Oil ▼
\$1,727.44 (per ounce)	\$95.05 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.70% 56,072.23	▲ 0.40% 27,914.66	▲ 0.92% 3,181.34	▼ 0.06% 3,269.97

HungryNaki scales down operations

Goes for job cuts in Bangladesh

MAHMUDUL HASAN

HungryNaki, Alibaba's food delivery affiliate in Bangladesh, has scaled down operations by half and laid off a majority of its employees.

The cuts have come about in a little over one year after Alibaba acquired 100 per cent of HungryNaki, which was launched in 2013, from its local owners via Daraz Group, the Pakistan-based e-commerce platform it acquired in 2018.

It has withdrawn from 15 of the 30 zones it had been operating in. Of the remaining zones, 13 are in Dhaka and two in Chattagram, according to sources.

Earlier Uber Technologies closed the operations of its food delivery platform Uber Eats in June 2020, just after one year of entering the market. Last year, Shohoz also closed its online food delivery arm amid shrinking orders.

Currently, foodpanda remains the biggest service provider followed by Pathao food.

Daraz initially planned to extend HungryNaki's network to around 100 cities, with investments in infrastructure, technology and human resources when it acquired the venture at an undisclosed amount.

The Daily Star talked to a few current and former HungryNaki and Daraz officials.

According to them, HungryNaki was struggling to generate expected revenue as it was facing stiff competition from market leader foodpanda. So, Alibaba significantly reduced its investment plans for the food vertical.

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The fisheries week began yesterday in Bangladesh to create awareness about safe fish production. The country has made strides in aquaculture over the last couple of decades as farmed fish accounted for 56 per cent of the total fish output of 46.2 lakh tonnes in fiscal year 2020-21.

PHOTO: STAR/FILE

Pharma needs to prepare for post-LDC era

Says economist

STAR BUSINESS REPORT

Bangladesh should quickly do some homework on how to tap its potential of earning billions from the global pharmaceuticals market as the country will lose its preferential trade benefits after graduating from a least developed country (LDC) in 2026, according to an economist.

Local drug makers, who cater to 98 per cent of the domestic demand worth Tk 20 billion annually, need to focus on expanding research and development to strengthen their production of new molecules, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue (CPD).

"Because after 2026, when the country will become a developing country, local pharmaceutical companies will have to follow patent

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EU to pause crop rotation to help fight food crisis

AFP, Brussels

The European Commission on Friday gave the go-ahead to the renewed suspension of crop rotation rules that require European farmers to leave 1.5 million hectares of arable land lying fallow.

A global grain shortage exacerbated by climate change and Russia's invasion and blockade of Ukraine has forced EU members to set aside normal crop rotation rules and maximise production.

"The impact of such a measure will depend on the choice made by member states and farmers, but it will maximise the EU's production capacity for cereals aimed for food products," the commission said.

The renewed suspension of the rules will have to be approved by member state governments, but national capitals had asked Brussels to draw up the measure so this is seen as a formality.

"The impact of such a measure will depend on the choice made by member states and farmers, but it will maximise the EU's production capacity."

EU rules on rotating crops to preserve fertility and conserve environmental features keep around 1.5 million hectares (3.7 million acres) of land – an area half the size of Belgium – out of production.

With Russia blockading major grain exporter Ukraine's ports and its invasion forces shelling granaries and arable land, global food prices are soaring and there are fears of famine in parts of Africa.

"The derogation is temporary, limited to claim year 2023, and restricted to what is strictly necessary to address the global food security concerns, arising due to Russian military aggression against Ukraine," the commission said.

That would mean that the areas put back into production under the exception would need to be sown with crops for human consumption like wheat and not those "typically" used as animal feed like maize and soya.

The exemption will cover the 2023 growing season, but the European Commission insisted that in the longer-term crop rotation would have to resume to protect soil quality and biodiversity.

"The long-term sustainability of our food system is fundamental for food security," the statement said.



A vegetable patch ruined by recent floods in Anantapur of Sylhet sadar upazila. Some 1,674 hectares of Aush were completely damaged, along with 1,541 hectares of vegetables and 75 hectares of peanuts in Sylhet and Sunamganj as of the end of May. Some 1,000 farmers who earn a living cultivating vegetables in Sylhet and Dakshin Surma upazilas are now in dire straits as they do not have the funds to purchase seeds, fertilisers and pesticides. The photo was taken recently.

PHOTO: SHEIKH NASIR

Twitter says Musk 'uncertainty' hurting revenue

AFP, Washington

Twitter blamed disappointing results Friday on "headwinds," including the uncertainty imposed on the company by Elon Musk's chaotic buyout bid.

The firm is locked in a legal battle with the mercurial Tesla boss over his effort to walk away from a \$44 billion deal to purchase the platform, leaving the company in limbo.

Twitter missed expectations with revenue of \$1.18 billion, due to "advertising industry headwinds... as well as uncertainty related to the pending acquisition of Twitter by an affiliate of Elon Musk," the company reported.

Also, in the current context of tightening credit conditions and economic turbulence, many companies like Twitter that rely heavily on ads are suffering from a decrease in advertisers' budgets.

"Twitter is on a rowboat in the middle of a storm," said analyst Jasmine Enberg. "The Musk saga rocked the boat even harder." "Twitter is now in the unenviable position of convincing advertisers that its ad business is solid," she added.

Twitter also reported that the number of "monetisable" daily active users – those who can be shown advertising – increased by 8.8 million, less than expected by

analysts, to 237.8 million.

"Overall we would characterize the daily active user metrics as better than feared and holding up relatively firm in this environment," said analyst Dan Ives.

Despite the less than stellar results, Twitter's stock closed up nearly one percent at \$39.84, as investors seemed relieved the news wasn't worse.

By comparison, Snap's stock finished down 39 per cent a day after the parent company of messaging app Snapchat reported disappointing earnings.

Twitter's results cover the period ending in June so don't include Musk's move in July to try to "terminate" the deal on the argument that the platform was not forthcoming about its tally of fake accounts. The social media network, which is a key exchange of ideas, news and entertainment, has countered by saying the Tesla chief already agreed to the deal and can't back out now.

"Twitter believes that Mr. Musk's purported termination is invalid and wrongful, and the merger agreement remains in effect," it said in the earnings report. Twitter notched a victory earlier this week in its fight with Musk, when a judge agreed to a fast-track trial on whether to force the billionaire to complete the buyout.

Musk's lawyers had pushed for a February 2023 date, but the court in the eastern US state of Delaware hewed closely to the uncertainty-wracked platform's desire for speed and set an October start.

Billions of dollars are at stake, but so is the future of Twitter, which Musk has said should allow any legal speech – an absolutist position that has sparked fears the network could be used to incite violence.

While the deal remains in limbo, Twitter is left with anxious employees, wary advertisers and hamstringing management.

In early May, at an annual marketing event where companies negotiate large advertising deals, Twitter was "not able to give advertisers any clarity or confidence" that it would continue to be safe showcase for them, Angelo Carusone, president of watchdog group Media Matters, told AFP previously.

"They didn't go anywhere close to what they normally sell at that event. And it's obviously been sluggish since then," he said. The San Francisco-based social network cannot afford to lose customers.

Unlike big fish such as Google and Facebook parent Meta, which dominate online advertising and make billions in profits, Twitter lost hundreds of millions of dollars in 2020 and 2021.

Hatil taking part in India fair

STAR BUSINESS DESK

Hatil, premium furniture brand of Bangladesh, has participated in the 33rd edition of Index Fair 2022 in Mumbai, India.

The three-day fair has been scheduled from July 22 to 24 this year.

"This is the first time we are participating," said Selim H Rahman, chairman of Hatil.

"We are getting very good footfall and response. If we see a positive outcome, we will continue here like the trade fairs in Bangladesh and other countries."

"The production capacity that we have is enough to maintain the demand of the local and international market, maintaining the best quality," he added.

The fair is mainly a focused commercial platform for interiors, architecture, materials, and design, bringing together suppliers and buyers in a design atmosphere, a press release said.

Evergrande ousts top executives

AFP, Beijing

Embattled Chinese real estate giant Evergrande has ousted its CEO and CFO after an internal investigation into why banks seized over \$2 billion from the firm's property services arm, the company has said.

The resignations come as Evergrande fights for survival and works to reach a restructuring agreement with debtors, to whom it owes an estimated \$300 billion.

The executives were forced to step down on Friday following an internal investigation into why banks unexpectedly seized 13.4 billion yuan (\$2 billion) in deposits from its real estate services unit, Evergrande Property Services.

Investigators established the money was seized because it was being used as a guarantee to allow a "third party" to obtain a loan, according to a statement from the company released late Friday night.

US crude ends below \$95

REUTERS, Houston

US crude prices settled below \$95 a barrel for the first time since April in choppy trading on Friday after the European Union said it would allow Russian state-owned companies to ship oil to third countries under an adjustment of sanctions agreed by member states this week.

US West Texas Intermediate crude (WTI) settled \$1.65, or 1.7 per cent, lower at \$94.70 a barrel, while Brent crude futures fell 66 cents, or 0.6 per cent, to \$103.20.

WTI closed lower for the third straight week, pummelled over the past two sessions after data showed that US gasoline demand had dropped nearly 8% from a year earlier in the midst of the peak summer driving season, hit by record prices at the pump.



Mohammed Mahtabur Rahman, chairman of NRB Bank, presides over the bank's 9th annual general meeting at its corporate head office in Dhaka recently. The meeting declared 5 per cent cash dividend for 2021. Tateyama Kabir, vice-chairman of the bank, Ali Ahmed, chairman of the executive committee, Khandakar Ruhul Amin, chairman of the risk management committee, Md Motior Rahman, chairman of the audit committee, Mamoon Mahmood Shah, managing director, and Md Mukhter Hossain, adviser, were present.

PHOTO: NRB BANK

Euro equals USD

FROM PAGE B4

our manufacturers who sell in America, and good for our expatriates sending US dollars home.

Conversely, the euro's slide is bad for those who earn wages in euros or export from the eurozone, bad for our exporters to this market and bad for our remitters from 19 nations as their dear ones will cash a lesser amount.

Ugly it would be in the longer term as a less potent euro portends slower economic growth for Europe. Some experts are even arguing on Europe heading into a recession. There was talk from all corners that a recession is coming to America and now Europe is added to that.

WHAT IS NEXT

This newspaper ran an AFP article on July 18 that said if Nord Stream 1 does not turn back on, the economic shockwave will be felt worldwide as the European energy crisis could very well trigger a recession.

If gas flows from Russia normalise, or at least stop falling, this should somewhat allay the market fear of an imminent gas crisis in Europe. But the fear is widespread that the halt in deliveries is permanent. In the words

of French President Emmanuel Macron: "Russia is using energy as a weapon of war."

Parity may not be the bottom for the euro right now, but a recession is not inevitable yet. While ECB's smarter actions are still in the wings, what Europe needs now is an alternative source of crude.

There are signs coming clearer that global energy relations may take a sharp turn in future.

New York Times columnist Anatoly Kurmanev and Farnaz Fasshihi wrote on July 13: "The oil competition set off by Russia's invasion of Ukraine already appears to be pushing Venezuela a bit closer to the West, after years of a deep freeze in relations over electoral and human rights abuses by the country's authoritarian leaders."

Iran and Venezuela have shown solidarity with Russia since the start of the war on February 24, but paradoxically, the energy price hike may be moving the interests of Iran and Venezuela a step closer to the West. Both of them have abundant oil, are willing to sell more and can be very useful in America and Europe's search for a new source of energy.

The author is a member of the Pacific Council on International Policy and a former commercial counsellor at the Los Angeles Consulate of Bangladesh. He can be reached at amamoon42@gmail.com

Global slowdown

FROM PAGE B4

"Excluding pandemic lockdown months, output is falling at a rate not seen since 2009 amid the global financial crisis."

In the euro zone, business activity unexpectedly contracted this month due to an accelerating downturn in manufacturing and a near-stalling of service sector growth as burgeoning costs pushed consumers to cut back on expenditure, a survey showed.

S&P Global's flash Composite Purchasing Managers' Index (PMI) for the euro zone, seen as a good gauge of overall economic health, fell to 49.4 in July – the lowest since February 2021 – from 52.0 in June, well below all forecasts in a Reuters poll that had predicted a more modest dip to 51.0.

Businesses across the euro zone continued to report mounting inflation pressures and an acceleration

Midas Financing AGM held

STAR BUSINESS DESK

Midas Financing virtually organised the company's 26th annual general meeting recently.

Rokia A Rahman, chairman of the board of directors of Midas Financing, presided over the meeting, a press release said.

The meeting approved one per cent cash and stock dividend each for the year that ended on December 31, 2021.

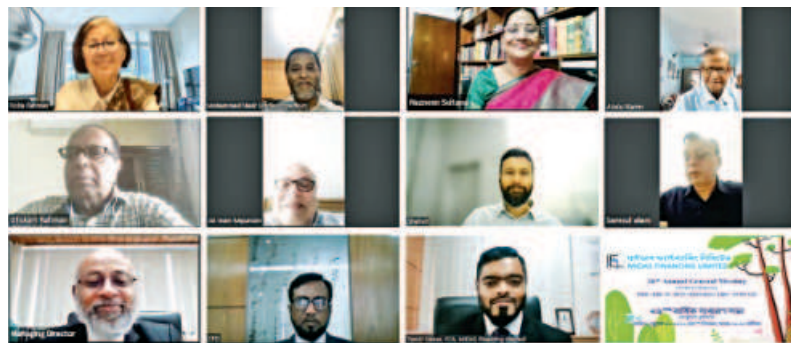
Mohammed Nasir Uddin Choudhury, Nazneen Sultana, Abdul Karim, Ghulam Rahman, Ali Imam Majumder, Md Shahedul Alam and Md Shamsul Alam, members of the board, Mustafizur Rahman, managing director, and Tanvir Hasan, general manager, attended the event.

In wage growth, even as the overall growth outlook becomes increasingly murky, the European Central Bank said on Friday, based on a survey of 71 major firms.

Inflation in the currency union was 8.6 per cent last month, official data showed, and on Thursday the ECB raised interest rates by more than expected, confirming that concerns about runaway inflation now trump growth considerations.

The US Federal Reserve, battling 40-year high inflation, is forecast to deliver another hefty 75 basis point interest rate hike at its meeting next week.

The Reuters poll gave median predictions of a 40 per cent probability of a US recession over the coming year and a 50 per cent chance of one happening within two years, a significant upgrade from a June survey.



Rokia A Rahman, chairman of the board of directors of Midas Financing, virtually presides over the company's 26th annual general meeting recently.

PHOTO: MIDAS



AZM Fouz Ullah Chowdhury, head of mobile financial services at ONE Bank, and Sadia Haque, director of Green and Red Technologies, exchange signed documents of an agreement over building a digital ecosystem at the former's retail head office in Karwan Bazar in Dhaka recently.

PHOTO: ONE BANK



Mohammed Yunus, chairman of Shahjalal Islami Bank, virtually inaugurates the bank's half-yearly "Business Conference-2022" yesterday. M Shahidul Islam, managing director, presided over the conference, where KAM Majedur Rahman, independent director, and Mufti Mawlana Shahed Rahmani, member of shahjhal supervisory committee, Abdul Aziz, SM Mainuddin Chowdhury and Mian Qamrul Hasan Chowdhury, additional managing directors, were present.

PHOTO: SHAHJALAL ISLAMI BANK

Reliance posts highest-ever refining revenues

AFP, Mumbai

Indian oil-to-telecoms giant Reliance Industries reported earnings that missed analyst estimates Friday, despite a strong performance by its core oil-refining business.

The conglomerate, which is owned by Asia's richest man Mukesh Ambani, reported a net profit of 179.55 billion rupees (\$2.25 billion) between April and June, 46.3 per cent higher than the same period last year.

Revenues from operations increased 54.54 per cent year on year to 2.23 trillion rupees, aided by both its legacy energy business and newer ventures like telecoms.

The conglomerate reported a net profit of 179.55 billion rupees (\$2.25 billion) between April and June

Revenues from Reliance's oil to chemicals (O2C) business -- which accounts for 60 per cent of total income -- jumped 56.68 per cent year-on-year to 1.62 trillion rupees, its highest ever.

A 65 per cent year-on-year increase in Brent crude oil prices in the quarter primarily contributed to the strong performance, the company said.

Imports of Russian crude at discounted rates have likely helped Reliance's refining margins as energy demand surged.

Revenues from the energy giant's smaller oil and gas exploration and production business jumped 183 per cent year-on-year to 36.25 billion rupees, helped by higher gas prices.

"Geopolitical conflict has caused significant dislocation in energy markets and disrupted traditional trade flows," chairman and managing director Ambani said in a statement.



A farmer is seen tending to his dragon fruit orchard in Kumirhat village under Aditmari upazila of Lalmonirhat. Although local production of exotic fruits such as this has picked up over the years, about 60 per cent of the demand is still met through imports.

PHOTO: STAR/FILE

60pc of fruits still imported to fill demand

STAR BUSINESS REPORT

Although Bangladesh is one of the largest producers of mango, jackfruit and guava in the world, about 60 per cent of the country's demand for fruit is met through imports at an annual cost of around \$30 million, according to experts.

So, to reduce import dependency and ensure nutritional security, the government should focus on the production and marketing of high-value fruits, they said.

Besides, the constraints of getting quality saplings, poor post-harvest technologies and lack of storage facilities should be removed as soon as possible, they added.

These comments came yesterday at a seminar on "Year-Round Production of Nutritious and High Value Fruits", jointly organised by the Bangladesh Academy of Agriculture (BAAG), Department of Agricultural Extension (DAE) and Agricultural Research Foundation at the Bangladesh Agriculture Research Council.

"Although Bangladesh is the world's second, seventh and eighth largest producer of jackfruit, mango and guava respectively, the country still has to import exotic fruits as

local production meets only 30 to 40 per cent of the demand," said Md Mehedi Masood, deputy director of the DAE's horticulture wing.

"There is a bright prospect for high-value fruit production in Bangladesh but the problems in cultivation and marketing should be resolved immediately," added Masood, also project director of the "Year-Round Fruit Production for Nutrition Improvement Project".

He went on to say that apple, malta and grapes are the main fruits that have to be imported as they are mostly consumed between September and January, when local supply is low.

In addition, the number of fruits cultivated has only slightly widened from 56 to 78 varieties over the past decade, Masood said.

Farid Uddin Ahmed, former executive director of the Arannayk Foundation, mentioned how different local research and educational institutions have developed a total of 197 modern varieties of fruits.

Of these fruits, the Bangladesh Agricultural Research Institute, Bangladesh Agricultural University, Patuakhali University of Science and Technology, and Bangabandhu Sheikh

Mujibur Rahman Agriculture University developed 97, 88, eight and four varieties respectively.

Agriculture Minister Muhammad Abdur Razzaque urged researchers in the country to play an active role in the agricultural sector and focus on improving fruit cultivation.

Terming the government as "agriculture-friendly", he said they are giving a subsidy of about Tk 28,000 crore to farmers to provide fertilisers at lower prices.

"The government will take all efforts to avoid a shortage of fertilisers at any cost," he said.

Md Benojir Alam, director general of the DAE, urged for utilising the tissue culture method for improving local fruit production.

Tissue culture refers to the process of growing tissues or cells in an artificial medium separate from the parent organism.

Among others, Shaikh Mohammad Bokhtiar, executive chairman of the Bangladesh Agricultural Research Council, also spoke at the event chaired by BAAG President Kazi M Badruddoza, a national emeritus scientist.

Brac Bank to use Dutch global payments network

STAR BUSINESS DESK

Brac Bank yesterday announced a partnership with TerraPay to enable non-resident Bangladeshis abroad to send funds to Bangladesh in real time.

The global payments infrastructure company has merchant partner networks with payouts to over 4.5 billion bank accounts and 1.5 billion mobile wallets, said a press release.

"This partnership adds to our growing remittance partnerships globally to help expatriate Bangladeshis send money from anywhere in the world," said Selim RF Hussain, managing director of Brac Bank.

Wheat prices tumble

AFP, New York

Wheat prices tumbled Friday, retreating to levels last seen prior to the Russian invasion of Ukraine following a landmark agreement to unblock Ukraine's Black Sea grain exports.

In Chicago, the price of wheat for delivery in September dropped 5.9 per cent to \$7.59 per bushel, which is equivalent to about 27 kilograms and the lowest close since Russia invaded its neighbor on February 24.

On Euronext, wheat prices for delivery in September fell 6.4 per cent to \$325.75 per ton.

Friday's agreement between Kyiv and Moscow -- through United Nations and Turkish mediation -- establishes safe corridors along which Ukrainian ships can come in and out of three designated Black Sea ports in and around Odessa.

Russia and Ukraine together produce about 30 per cent of the world's wheat exports.

Up to 25 million tons of wheat and other grain have been blocked in Ukrainian ports by Russian warships and landmines Kyiv has laid to avert a feared amphibious assault.

Despite Friday's retreat in wheat prices, analysts expressed skepticism about the accord's ability to sidestep the realities of the grinding Russia-Ukraine conflict amid doubts over Moscow's willingness to implement the deal.

Saudi Arabia to sign energy deals with Greece

REUTERS, Athens

Saudi Crown Prince Mohammed bin Salman will visit Greece on July 26 to meet Prime Minister Kyriakos Mitsotakis, the Greek foreign ministry said on Friday, in his first visit to an EU country since the 2018 killing of Saudi journalist Jamal Khashoggi.

The ministry said the pair were due to sign bilateral deals, without giving details. A Greek diplomatic source said the deals were in the fields of energy, military cooperation, and an undersea data cable, among others.

Greece and Saudi Arabia agreed in May on the main terms to set up a joint venture to lay the data cable that will link Europe with Asia. The "East to Med data Corridor" will be developed by MENA HUB, owned by Saudi Arabia's STC and Greek telecoms and satellite applications company TTSA.

BB to sign MoU with banks

FROM PAGE B1

operational targets to reduce NPLs, can help initiate active NPL resolution in banks.

In the absence of reforms to stem the flow of NPLs, the authorities' plan to establish a public asset management corporation poses significant fiscal risks, it opined.

According to the statement, the government is considering raising prices of petrol, octane, liquefied natural gas (LNG) and electricity in the coming months.

It observed that subsidies for energy, fertilisers and food as well as support for the vulnerable and farmers have increased.

But a reprioritisation of current and capital expenditures is expected to contain the fiscal deficit for FY22 as budgeted at 5.1 per cent of the GDP, it said. The IMF projected the fiscal deficit to reach 5.5 per cent of the GDP in FY23, partly driven by higher subsidies and weak revenue collections.

In the absence of adequate revenue mobilisation, budget financing is increasingly relying on costly domestic debt, eroding fiscal space, it opined in the statement. The government has set aside an allocation of Tk 82,745 crore to run its subsidy programme for fiscal year 2022-23.

A finance ministry official said the amount of subsidy may need to be raised if the prices of fuel, fertiliser and LNG rises in the global market.

Of the total allocation, subsidies worth Tk 18,000 crore have been set aside for power, Tk 15,000 crore for fertiliser and Tk 6,000 crore for LNG.

The IMF mission opined that the Russia-Ukraine war has interrupted the robust recovery from the pandemic and was posing serious macroeconomic challenges for the country.

In line with global developments, rising commodity prices, supply disruptions, and a slowdown in external demand have led inflation rising to its highest 7.6 per cent in

June since 2014, it said.

Current account deficit has widened to 3.5 per cent of the GDP between July and May and the taka depreciated by 9 per cent since March, it said.

Moreover, foreign exchange reserves declined to 5 months of prospective imports from their peak of 7 months at the end of FY21, it added.

Near-term growth is expected to be weighed down by a slowdown in Europe and the US which account for over 80 per cent of total export demand, forecasted the IMF.

Inflation, driven by commodity prices, is expected to peak in the third quarter of FY22 and remain elevated, it said.

Persistent inflationary pressures, faster tightening of financing conditions and larger than expected slowdowns in major advanced trading partners and China could further put pressure on reserves and the taka, it pointed out.

Junk stocks

FROM PAGE B1

even in a bearish market. So, people are considering the market risky and manipulation-based," he said, adding that the young generation is not coming to the market as well.

"If the manipulation does not come to an end, good stocks will not rise." Hossain urged the surveillance team of the DSE and the BSEC to act proactively to stop manipulation.

"Many investors are unwilling to invest in good stocks since rumour-driven securities are producing more capital gains," said Mir Ariful Islam, managing director of Sandhani Asset Management.

He says the rise of junk and low-performing stocks has been a common trend for many years. Now, many institutional investors are betting on them. "This is not a good indication for the market."

Islam urged investors to keep faith in sound companies since they make profits sustainably. "The regulator should see why the low-performing stocks are rising," he added.

Newsweek highlights

FROM PAGE B1

"Along with these values, we have a clear direction of being formidable players in every industry. And of course, quality must never be compromised."

Today, Transcom has the franchise of Pepsi, which is a dominant player in the beverage business in Bangladesh.

The group also manufactures appliances and white goods for Whirlpool and cosmetics for L'Oreal and acts as the local partner for others, including Frito-Lays, KFC, Pizza Hut, Abbott and Mars.

Its concern Eskayef Pharmaceuticals Ltd has been the leading force in Bangladesh's pharmaceutical market.

It started manufacturing life-saving insulin vials for Novo Nordisk in 2012, four years after it became the distributor of the major multinational pharmaceutical company. In 2017, Eskayef got into an agreement with Novo Nordisk to produce its modern penfill insulin and became the first company in the world to do so as a manufacturing partner of the Danish multinational company.

"As for global standards, it is important to note that Eskayef Pharmaceuticals has received all the necessary international regulatory approvals from the most stringent bodies in the world," Simeen Rahman said.

"Eskayef's quality is right up there with international standards whilst implementing global best practices. Our standards are identical to any

manufacturer in the US or Europe. We have the same accreditations and quality standards."

After the outbreak of Covid-19 in Bangladesh in early 2020, Eskayef launched the first generic in the world for the three most effective anti-viral drugs shortly after the emergency approvals by global regulators. It also exported the drugs to 49 countries and supported patients all over the globe.

Digital development and artificial intelligence are crucial components of the business strategy of Transcom, which employs around 20,000 people. The group aims to achieve exponential growth in its existing industries, expand its footprint globally through Eskayef Pharmaceuticals and focus on technology as the big growth area.

Among others, Newsweek also featured business houses such as Concord Group, a construction and real estate major, Envoy Group, one of the top garment exporters in Bangladesh, and United Group, which operates in the power, real estate and healthcare sectors.

It also highlighted Confidence Group that has business interests in cement, concrete ready-mix, power and telecommunication, Sikder Group, which runs businesses in the infrastructure, power and insurance sectors, Hosaf Group, which has businesses in LED lights and electric metres, and Multimode Group, which is engaged in the seeds, livestock, silk and textile sectors.

HungryNaki scales down

FROM PAGE B1

The officials said the online food delivery market in Bangladesh was still small and customer acquisition was very costly, prompting the Chinese e-commerce giant to focus on selling products and services rather than food.

"No decision has yet been taken on shutting down HungryNaki," said one official.

In a reply to The Daily Star's queries, HungryNaki said, "We are temporarily closing some operational zones due to a reduction in order ratios and service development."

It said to have had to change its business priorities several times as Bangladesh was a relatively new and rapidly growing industry.

Operators must frequently reorganise operations to keep up with technological advancements and ever-changing customer demand, it said.

"...the company believes that zone closing is the appropriate organisational response to such changes in order to protect profitability," it added.

The company had to let go of some employees as some roles and functions were merged, it said.

Pharma needs to prepare for post-LDC era

FROM PAGE B1

guidelines when producing medicine," he added.

If medicines are produced following the patent rights, drug prices in local markets will be costlier.

To avert the situation, Bangladesh initially tried to extend its Trade Related Aspects of Intellectual Property Rights (TRIPS) waiver by six to nine years and then up till January 1, 2033.

However, in the 12th Ministerial Conference of the World Trade Organisation (WTO) held in Geneva last month, global leaders did not extend the TRIPS deadline for graduating LDCs.

Under the current trips agreement, drug makers in LDCs can produce any generic medicine without having to follow the patent guidelines until January 1, 2033, but the benefit is not applicable for graduating LDCs such as Bangladesh.

On the other hand, global leaders at the WTO did extend the

TRIPS waiver for the production of emergency drugs, such as Covid-19 vaccines, for all countries.

Rahman then suggested addressing the shortage of skilled manpower and exploring opportunities of setting up joint ventures to attract more foreign direct investment (FDI) for the country's special economic zones.

He also suggested encouraging contract manufacturing, bringing changes in local laws to take advantage of the TRIPS agreement, and quickly opening active pharmaceutical ingredient (API) parks in the country.

The seasoned economist yesterday made these comments at a discussion on "Export of Pharmaceuticals Sector Upon LDC graduation: Strategies and Way forward" organised by the Dhaka Chamber of Commerce and Industry (DCCI) at its office in Dhaka.

Government high-ups, drug manufacturers, exporters, university professors, experts and businessmen participated in the discussion.

Salman Fazlur Rahman, private industry and investment adviser to the Prime Minister, said annual pharmaceutical exports from Bangladesh will cross \$1 billion from the current \$160 million within the next two to three years as the door to US markets are open for certain local drug makers because of their high level of compliance.

He also said if local drug manufacturers can utilise the US market opportunities, the value may cross \$5 billion within the next five to six years.

ABM Faruque, a professor of the department of pharmaceuticals of the University of Dhaka, also suggested quickly opening API parks, a project for which was taken in 2008 but could not be implemented until now.

Ahmad Kaikaus, principal secretary to the Prime Minister, said LDC graduation will be an opportunity for the country even though there are some challenges to

Implement Ukraine grain deal ‘swiftly’

US urges Russia

AFP, Washington

The United States called Friday on Russia to let out Ukrainian grain quickly and voiced hope that a Turkish-brokered deal was well-structured enough to monitor compliance.

“We fully expect the implementation of today’s arrangement to commence swiftly to prevent the world’s most vulnerable from sliding deeper into insecurity and malnutrition,” White House spokesman John Kirby told reporters.

“We’re hopeful that this is going to make a difference. But we’re clear-eyed about it,” he said.

Speaking separately at the Aspen Security Forum, senior US diplomat Victoria Nuland praised the level of detail of the agreement negotiated by Turkey and UN Secretary-General Antonio Guterres.

“We fully expect the implementation of today’s arrangement to commence swiftly to prevent the world’s most vulnerable from sliding deeper into insecurity.”

“It’s now incumbent on Russia to actually implement this deal. But it is very well-structured in terms of monitoring and in terms of channels that the grain ought to be able to get out of,” said Nuland, the undersecretary of state for political affairs.

Nuland said that Russia was obliged to act after the blockade sparked by its invasion of Ukraine in February sent food prices soaring in developing countries, particularly in Africa, where it had banked on support.

“This came together because, I think, Russia ultimately felt the hot breath of global opprobrium and it was losing the global south, who had become convinced that this was really NATO’s fault,” she said.

Getting out the grain “should have been easy. We could have done this on the back of an envelope in the middle of an afternoon with the will.”

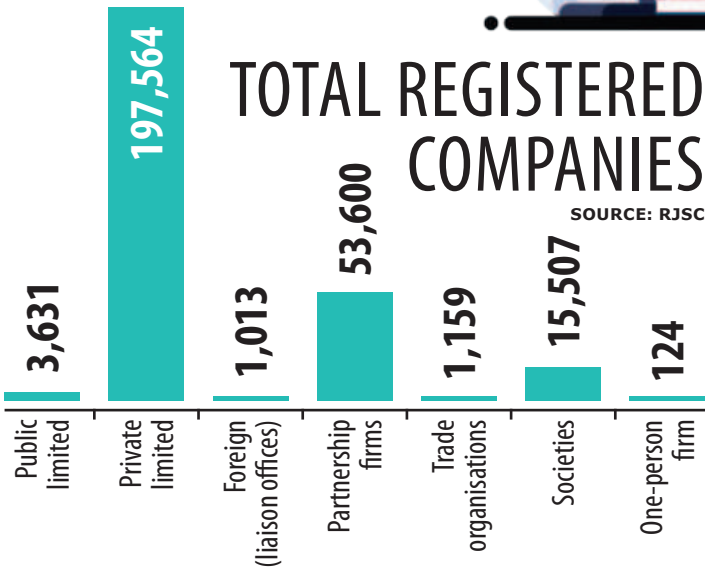
US officials hailed the role of Turkey, a NATO ally that has had uneven relations with Washington due in part to its military involvement in Syria and purchases of weapons from Russia.

“A new company act should be formulated since the current one is not modern, flexible and supportive enough for the office of the RJSC to carry out its responsibility and the formation of new firms.”

M MASRUR REAZ

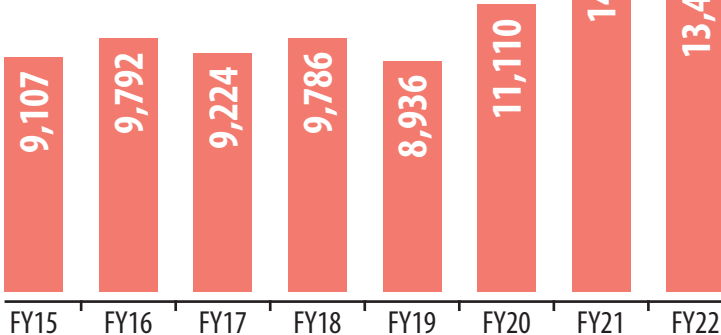
Chairman of Policy Exchange of Bangladesh

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REGISTRATION OF NEW FIRMS

In number; SOURCE: RJSC



Registration of new companies slows

MD FAZLUR RAHMAN

Registration of new firms in Bangladesh declined 9 per cent year-on-year to 13,480 in the just-concluded fiscal year of 2021-22 owing largely to the persisting economic uncertainty at home and abroad, official figures showed.

The fall came after it rose to an all-time high of 14,826 in 2020-21, shrugging off the impacts of the coronavirus pandemic, according to data from the Office of the Registrar of Joint Stock Companies and Firms (RJSC).

The office of the RJSC is mandated to provide name clearances and registration to all public companies, private companies, liaison offices or branches of foreign companies, trade organisations, societies and partnership firms.

In FY22, entrepreneurs secured registration to establish 10,817 new companies, down 10.78 per cent from 12,125 a year ago.

Some 254 societies registered with the RJSC, a decrease from 317 in FY21. The number of partnership firms that availed registration stood at 2,268 last fiscal year, again a decline from 2,359 in FY21.

In a promising sign, 124 one-person companies, also known as OPCs, took registration to launch their operations in FY22 -- nearly a year after the government amended the Companies Act (Bangladesh) to give a boost to entrepreneurship, draw investors and support the growth of small and medium enterprises.

OPC means a company formed with only one person as a member, unlike the traditional private companies with at least two members. In November 2020, the parliament passed the law.

Sheikh Shoebul Alam, registrar of the office of the RJSC, says the number of firm registrations might have fallen given the current global and local scenarios.

“But we are trying to keep up the momentum we achieved in the fiscal year of 2020-21,” he said, adding that his office is removing the barriers that people face in setting up businesses.

All of the services needed to establish businesses in Bangladesh are provided online by the office of the RJSC, according to the registrar.

In FY22, entrepreneurs secured registration to establish 10,817 new companies, down 10.78 per cent from 12,125 a year ago

In Bangladesh, there are 272,598 companies registered with the office of the RJSC. They include 3,631 public limited companies, 197,564 private limited companies, 1,013 liaison offices of foreign companies, 53,600 partnership firms, 1,159 trade organisations, and 15,507 societies.

In FY22, the state-run agency earned Tk 296 crore, the highest on record and an increase of around 38 per cent from Tk 215 crore generated a year ago.

Non-tax revenue brought in about Tk 159 crore, stamp duties fetched Tk 112 crore, and value-added tax raised Tk 23 crore for the office of the RJSC.

M Masrur Reaz, chairman of the Policy Exchange of Bangladesh, a private sector think-tank, says usually entrepreneurs don’t want to open new businesses during crises.

“Although the economy has reopened

following the easing of Covid-19, the pandemic is not fully over yet while the war has added new uncertainty.”

The economist thinks there is the requirement for creating enabling policy and regulatory environment to attract new entrepreneurs, allow existing ones to expand their footprint and encourage informal businesses to become formal.

“If we can’t create new entrepreneurs, we will not be able to expand the base of the economy.”

According to the economist, informal businesses don’t want to go formal for the fear of hassles at the hands of tax officials.

“So, we have to work in this area.”

He recommended drawing up a supply chain linkage policy so that SMEs can keep supporting the larger firms and also grow themselves.

Reaz pointed out the entry barrier facing one-person companies.

As per laws, the minimum capital required to set up an OPC is Tk 25 lakh, whereas there is no minimum paid-up capital requirement for establishing public and private companies.

“As a result, we have not seen a higher number of the registration of one-person companies as we had expected,” said Reaz.

He called for formulating a new company act since the current one is not modern, flexible and supportive enough for the RJSC to carry out its responsibility and the formation of new firms.

“We have brought in some minor amendments to the Companies Act in recent years. But we need a modern company act.”

The RJSC should accelerate its digitalisation efforts and work in the areas of corporate governance of registered firms, he added.

Euro equals USD: the good, the bad and the ugly

AL MAMOON

On July 12, the euro equaled the US dollar, a fall for the former since its journey began in 2002.

The euro was launched in non-physical forms like traveller’s checks and electronic transfers in 1999 and three years down the line, the actual paper and coins came into the market. In no time, the European single currency took over the greenback and the two currencies never reached parity till nearly two weeks ago.

The euro has been losing ground against the US dollar since January when one euro fetched a dollar and 13 cents only, against a dollar and 60 cents, a peak it reached in 2008.

Bangladesh Bank recorded a yield of

Tk 103.36 for every euro while the dollar transacted at Tk 84.80 on May 31, 2021. On the same day this year, the exchange rates were settled at Tk 96 and Tk 89, respectively.

Further strengthening of the dollar continued through June and finally, the two currencies stood at par on July 12.

WHY IT HAPPENED

The answer lies both within and beyond Europe.

One can easily single out Russia’s war on Ukraine as it triggered enormous risks to the EU economy. But there are more.

Amid already skyrocketing energy prices, the Russian shutdown of the Nord Stream 1 natural gas pipeline into Germany on July 11, apparently for maintenance, contributed to the sinking euro sinking deeper.

Stricter regulations and higher taxes made European economies grow at a slower pace in 2018 and 2019. Then Covid-19 arrived and less resilience of the eurozone economies came out in the open. A further hit was the inflationary aftermath of the pandemic.

The political turmoil in Italy was instrumental in driving the euro further down. Italian Prime Minister Mario Draghi resigned last week after one of the parties in his broad coalition, the 5-Star Movement, withdrew its support in a parliamentary confidence vote.

Italy is known to be the third-biggest partner among 19 member states, with the first two being Germany and France.

The euro matching or dipping below the dollar presents a currency war that has far-reaching impacts on any and every country in the world

The European Central Bank appears to be falling behind the US Federal Reserve in tackling inflation. The Fed has been aggressively raising interest rates to stem 40-year high inflation.

On the other hand, the ECB increased interest rates on Thursday, the first hike in 11 years in an attempt to cool rampant inflation, which surged to 8.6 per cent in June, the highest in its history. The ECB raised the benchmark rate up by 50 basis points.

The Fed is expected to go ahead with its plan to hike the benchmark rate by 75 basis points. It raised the rate by the same margin in June.

NOT A WINNER TAKES IT ALL GAME

The euro matching or dipping below the dollar presents a currency war that has far-reaching impacts on any and every country in the world.

A weaker euro propels the cost of imports and fans Europe’s already high inflation rate. It is turning European goods cheaper in the world market.

The flip side of a weaker euro is a stronger US dollar. The broad strength of the dollar is good for Americans who are buying from Europe, good for anyone planning a European vacation, good for

READ MORE ON B2

Global slowdown fears darken

REUTERS, London/Tokyo/New York

The global economy looks increasingly likely to be heading into a serious slowdown, just as the highest inflation in a generation prompts central banks to aggressively reverse the ultra-loose monetary policy adopted during the pandemic to support growth, data showed on Friday.

Business activity in the United States, the world’s largest economy, contracted for the first time in nearly two years this month, activity in the euro zone retreated for the first time in over a year, and growth in Britain was at a 17-month low, purchasing managers’ surveys said on Friday.

In another ominous sign for the global economy, Japan’s government is expected to sharply cut its forecast for domestic growth. Meanwhile, China’s strict Covid-19 lockdowns and Russia’s invasion of Ukraine have further damaged global supply chains that had not yet recovered from the pandemic.

S&P Global on Friday said its preliminary - or “flash” - US Composite PMI Output Index had tumbled far more than expected to 47.5 this month from a final reading of 52.3 in June. That was the fourth straight monthly drop and was driven by weakness in the services sector, which contracted enough to offset moderate growth in manufacturing.

With a reading below 50 indicating business activity had contracted, the report will feed the vocal debate over whether the US economy is back in - or near - a recession after rebounding sharply from the downturn in early 2020 at the start of the Covid-19 pandemic.

“The preliminary PMI data for July point to a worrying deterioration in the economy,” S&P Global Chief Business Economist Chris Williamson said in a statement.

READ MORE ON B2



A man shops in a grocery store in Miami, Florida. Business activity in the United States, the world’s largest economy, contracted for the first time in nearly two years this month.

PHOTO: AFP/FILE

China plans ‘great efforts’ for economic recovery

REUTERS, Beijing

China will make great efforts to consolidate its economic recovery particularly in the crucial third quarter, putting a priority on stabilising employment and prices, state media reported on Friday after a regular cabinet meeting.

The world’s second-biggest economy narrowly missed a contraction in the second quarter, growing just 0.4 per cent year-on-year, weighed down by Covid-19 lockdowns, a weak property sector and cautious consumer sentiment. The government has set a 2022 growth target of around 5.5 per cent.

Major hurdles in the second half include China’s persistent zero-Covid policy that entails curbs and restrictions that could again disrupt local businesses, employment and consumption.