

# Star BUSINESS



SUPPORTING THE PHARMACEUTICAL INDUSTRY'S - 2<sup>ND</sup> LARGEST POTENTIAL SECTOR - GROWTH



### BIG BUSINESSES

- Big factories running through generators
- They fear higher production cost in long run
- Export-oriented factories may face delayed shipment

### SMALL BUSINESSES

- Load-shedding eating away profit of SMEs
- Production cost may go up
- SMEs outside EPZs and industrial zones are worst sufferers
- They face more than 2 hours of load-shedding during working hours
- Many SMEs don't afford generators
- Divisional and district level SMEs fell under unregulated load-shedding
- SMEs contribute 25pc to GDP

### WORST SUFFERERS

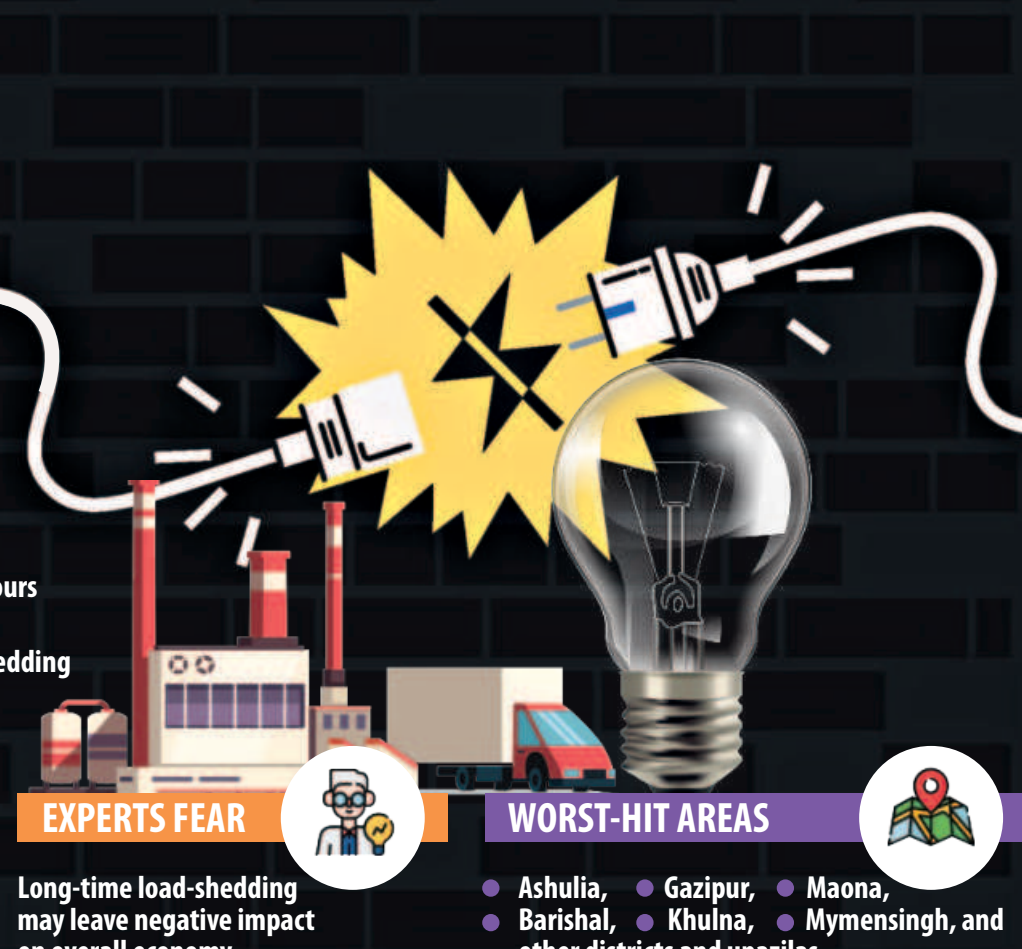
- Garment, ● Tannery, ● Leather, ● Jute, ● Food processing, ● Light engineering

### EXPERTS FEAR

Long-time load-shedding may leave negative impact on overall economy

### WORST-HIT AREAS

- Ashulia, ● Gazipur, ● Maona, ● Barishal, ● Khulna, ● Mymensingh, and other districts and upazilas



## LOAD-SHEDDING

# SMEs outside EPZs, industrial belts bear the brunt

REFAYET ULLAH MIRDHA and SUKANTA HALDER

The ongoing regular power cuts are eating away at the profits of small and medium enterprises (SMEs) in Bangladesh since they need to rely on costly diesel to keep their operation up and running, which is raising the cost of production.

Millions of SMEs located outside the export processing zones (EPZs) and designated industrial zones like in Ashulia, Gazipur, Maona, Barishal, Khulna and Mymensingh and those located at the district and upazila levels are facing production losses owing to the regular load-shedding.

Those housed in the EPZs and industrial belts have so far been largely kept out of the purview of the current phase of regulated power cuts.

It came after the government announced a schedule for area-based power cuts to mitigate the electricity crisis amid a fall in gas supply on July 17, driven by lower imports of liquefied natural gas and inadequate local production.

Janata Engineering, an agricultural machinery manufacturing unit in

Chuadanga, is one of the factories facing the fallout of the reduced power supply.

Its production has witnessed a decline because of the load-shedding that lasts at least two hours during working hours every day. As a result, the factory can't run at its full capacity.

The tool making factory is now fearing a major loss.

Md Oli Ullah, managing director of Janata Engineering, says district-level industrial zones have not been brought under the power cut schedule of the government.

"As a result, frequent load-shedding is taking place."

A small entrepreneur in Savar says the production at his leather factory has received a serious blow due to the two-hour power cut during working hours.

Rubina Akter Munni, owner of Design By Rubina, a leather and jute bag manufacturer at Mirer Bazar in Gazipur, however, does not face power cuts during working hours like Oli Ullah and the entrepreneur in Savar since her factory is located in an industrial belt.

However, Munni, who makes 30,000 pieces of leather and jute bags a month for both export and local markets, is, too, worried.

This is because if she receives a large order, her factory workers would have to work after 10:00pm to ship goods on time.

Humayun Rashid, managing director of Energypac Power Generation Ltd, says the group has many manufacturing units.

Instead of keeping them closed during power cuts, diesel-

run generators are used to keep them operational.

"As a result, the cost of production is increasing," he said.

In order to reduce power consumption, Energypac, currently does not run the machines that consume more power. Rather, it is running the equipment that requires less electricity.

In order to bring down diesel use and thus maintain the

current level of foreign currency reserves, the government has already shut down the diesel-run power plants since the fuel is imported.

"But we are becoming dependent on diesel. So, the government should reduce the frequency of power cuts in the areas where industries are

located," said Rashid. Md Shaheen Ahamed, managing director of Anjuman Trading Corporation Ltd, says the rate at which the manufacturing costs are going up, it would become very difficult for them to bear the additional expenditures if the current situation persists.

Manufacturers are also facing lower gas pressure since there is an energy shortage as well.

"If the energy crisis persists, we will not be able to deliver the

products as per promised dates," said Ahmed, also the chairman of the Bangladesh Tanners Association.

Hatil Furniture's energy expenditure has trebled owing to the use of diesel-run generators.

"If the current situation continues, the cost of production will increase," said Salim H Rahman, chairman of the furniture manufacturer.

"We will suffer financially because of using diesel-run generators," said Taslim Shahriar, senior assistant general manager of Meghna Group of Industries.

Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry, says many SMEs are facing a challenging situation because of the load-shedding.

"But we are following the government's instruction since the country is going through a crisis."

SMEs' profit margin is being squeezed owing to the rise in production costs.

"Many, however, can't afford generators and are cutting back their production," Rahman said.

"The longer the load-shedding persists, the higher the losses will be for almost every business."

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dbi CERAMICS

## RUSSIA-UKRAINE DEAL Local stocks suffer though global markets recover

STAR BUSINESS REPORT

Stocks in Bangladesh fell for the ninth consecutive day yesterday although nearly all of the major stock markets in the world gained buoyed by a deal between Russia and Ukraine.

The DSEX, the benchmark index of the premier bourse in Bangladesh, lost 74 points, or 1.2 per cent, to close at 6,052. It shed 314 points in the past nine sessions.

Turnover, another key indicator of the market, fell to Tk 470 crore from Tk 676 crore on the previous day.

However, the world's major indices, except those in the US, rose after Ukraine and Russia signed the deal on Friday.

The agreement will allow Kyiv to resume exports of grain through the Black Sea after its shipment came to a halt following Russia's invasion of the country on February 24.

The blockade of Ukraine's grain has caused a global food crisis and sent the prices of cooking oils and fertiliser to higher levels.

Thanks to the deal, the DAX, a blue chip index of Germany, rose 7 points, the CAC 40, the benchmark index of France, advanced 15 points, the Nikkei 225 of Japan rose 111 points, the Hang Seng Index of Hong Kong went up 34 points, and India's BSE Sensex surged 390 points on Friday.

### The world's major stocks indices, except those in the US, rose after Ukraine and Russia signed a deal on Friday

But Bangladesh's stock market maintained the bearish trend. Even, the DSEX slipped below the 6,100 mark.

Jittery investors went on a heavy sell-off to exit from the market by dumping their shares amidst growing economic tension, said International Leasing Securities in its daily market review.

Some of the investors were stuck with heavy losses in their portfolios, it said.

Of the securities traded on the day, 42 advanced, 318 fell, and 22 remained unchanged.

Both the DS30, the blue-chip index, and the DSES, the Shariah-based index, lost 32 points and 16 points respectively.

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STOCKS	
DSEX ▼	CSCX ▼
1.20% 6,052.44	0.89% 17,807.48

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

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

## Mills shut yet BJMC incurring losses

Paying for maintenance, salary

STAR BUSINESS REPORT

Bangladesh Jute Mills Corporation (BJMC) has been continuing to incur losses, although more than two years have passed since the government closed down 25 state-run jute mills.

Insiders said delays in leasing out the closed mills to private investors and integration of existing employees to other state agencies caused the BJMC to suffer losses as it has to pay salaries and bear repairs and maintenance costs of the closed factories.

The state corporation estimates to have incurred losses of Tk 264 crore in fiscal year 2021-22, down from Tk 380 crore in the previous fiscal year, according to the BJMC budget.

"Now, we do not have any production. So, whole (that is spent) losses," said Textile and Jute Secretary Md Abdur Rauf.

The government shut down the 25 mills on July 1, 2020 owing to consistent heavy losses and excessive production costs, laying off more than 50,000 workers in three categories - permanent, temporary, and substitute.

The government at that time declared that the closed factories would be modernised and reopened soon through various arrangements including joint ventures, public-private partnerships or government-to-government partnerships.

As per the plan, the BJMC in April 2021 called upon interested investors to submit expressions of interest for leasing out 17 of the mills for a period of five to 20 years.

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### BJMC's ANNUAL LOSSES

In crore taka; SOURCE: BANGLADESH ECONOMIC REVIEW 2022

FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
66	384	497	724	656	481	497	604	704	380	264

#### MILLS THAT RESUMED PRODUCTION UNDER LEASE

- Bangladesh Jute Mills Ltd
- KFD Jute Mills

#### MILLS AGAINST WHICH NOTIFICATION OF AWARD WERE ISSUED

- Jatio Jute Mills, Sirajganj
- RR Jute Mills, Sitakunda
- MM Jute Mills, Sitakunda
- Gul Ahmed Jute Mills, Chattogram
- Jashore Jute Industries
- Doulatpur Jute Mills, Khulna
- Platinum Jute Mills, Khulna

## CONTRACT BREACH Shakib serves legal notice to Banglalink, Jamuna Bank

STAR BUSINESS REPORT

Cricketer Shakib Al Hasan yesterday served a legal notice to Banglalink and Jamuna Bank Ltd, asking them to refrain from continuing to display and exploit his image and brand for commercial purposes without his consent and in violation of an agreement.

Lawyer Ashrafal Hadi sent the legal notice on behalf of Shakib to the chief executive officer of Banglalink Digital Communications Ltd and the managing director of Jamuna Bank Ltd, asking them to pay Tk 5.8 crore as the cost of preliminary damages in seven days.

Given the public image of Shakib, Banglalink entered into an agreement with him on January 21, 2014.

The two-year period of the agreement expired on

READ MORE ON B3

## US gives nod to Russian default ins payouts

REUTERS, Washington

The US Treasury issued a special waiver on Friday to allow investors with insurance against a Russian default, known as Credit Default Swaps, to receive their payouts.

The normally straightforward process of CDS payouts was thrown into chaos in June when Washington said its sanctions on Russia represented a total ban on buying Moscow's debt.

An investor who buys a CDS contract usually hands over the underlying bond to the bank or fund that sold them the CDS when a default happens. It traditionally involves an auction to determine the price, but under the sanctions that exchange effectively became illegal.

The license authorizes US persons to purchase or receive Russian bonds starting two days before the announced date of the auction, and up to eight business days after the auction takes place.

**Analysts estimated that roughly \$2.5 billion worth of Russia sovereign debt CDS had been held up**

The committee that sets the auction date has a scheduled meeting on Monday at 1300 GMT after having met three times this week.

"OFAC has issued two General Licenses (waivers) to help US and other global investors more cleanly exit their exposures to Russia," a Treasury spokesperson said, referring to the Office of Foreign Assets Control which enforces US sanctions.

The move also authorizes financial institutions "to facilitate, clear, and settle" the newly authorised transactions, the Treasury's website added. Analysts had estimated that roughly \$2.5 billion worth of Russia sovereign debt CDS had been held up by the problems.

"This is an example of the fine tuning of a sanctions apparatus that the United States has had significant experience with through the years," said Jamal El Hindi, a counsel at law firm Clifford Chance.

"Specific licenses, general licenses, are used to make sure that the overall impact of the sanctions is doing what they want it to do, and not blocking things that they don't want it to block," he said.

Russia was declared in default last month although it had already tripped in May by failing to pay an additional \$1.9 million of interest that had built up on an earlier overdue payment as Western sanctions shut off payment channels.



A farmer brings his harvest of spiny gourd for sale in Gudia Bandar area of Barishal's Uzirpur upazila, seeking Tk 35 per kilogramme or Tk 1,400 per maund (around 37 kilogrammes). Around 31,910 tonnes of spiny gourd were produced around the country in fiscal year 2019-20, according to the Bangladesh Bureau of Statistics. The photo was taken recently. PHOTO: TITU DAS

## Why is the world worried about China's property crisis?

AFP, Beijing

China's troubled property sector suffered another blow this month when frustrated homebuyers stopped making mortgage payments on units in unfinished projects.

The boycott came with many developers struggling to manage mountains of debt, and fears swirling that the crisis could spread to the rest of the Chinese -- and global -- economy.

How big is China's property sector? Colossal. Property and related industries are estimated to contribute as much as a quarter of China's Gross Domestic Product (GDP).

The sector took off after market reforms in 1998. There was a breathtaking construction boom on the back of demand from a growing middle class that saw property as a key family asset and status symbol. The bonanza was fuelled by easy access to loans, with banks willing to lend as much as possible to both developers and buyers.

Mortgages make up almost 20 per cent of all outstanding loans in China's entire banking system, according to a report by ANZ Research this month.

Many developments rely on "pre-sales", with buyers paying mortgages on units in projects yet to be built.

Unfinished homes in China amount to 225 million square metres (2.4 billion square feet) of space, Bloomberg News reported.

Why did it plunge into crisis? As property developers flourished, housing prices also soared.

That worried the government, which was already concerned about the risk posed by debt-laden developers.

It launched a crackdown last year, with the central bank capping the proportion of outstanding property loans to total lending by banks to try to limit the threat to the entire financial system. This squeezed sources of financing for developers already struggling to handle their debts.

A wave of defaults ensued, most notably by China's biggest developer, Evergrande, which is drowning in liabilities of more than \$300 billion.

On top of the regulatory clampdown, Chinese property firms were also hit by the Covid crisis -- the economic uncertainty forced many would-be homebuyers to rethink their purchase plans.

How have homebuyers reacted? Evergrande's decline had sparked protests from homebuyers and contractors at its Shenzhen headquarters in September last year.

In June this year, a new form of protest

emerged: the mortgage boycott.

People who had bought units in still-unfinished projects announced they would stop making payments until construction resumed. Within a month, the boycott spread to homebuyers in more than 300 projects in 50 cities across China.

Many of the unfinished projects were concentrated in Henan province, where mass protests in response to rural bank fraud broke out and were suppressed.

Chinese lenders said last week that the affected mortgages account for less than 0.01 per cent of outstanding residential mortgages, but analysts say the fear is how far the boycotts will spread.

Why is there global concern? China is the world's second-largest economy, with deep global trade and finance links.

If the property crisis spreads to China's financial system, the shock would be felt far beyond its borders, analysts say.

"Should defaults escalate, there could be broad and serious economic and social implications," Fitch Ratings wrote in a note on Monday.

This echoed a warning by the US Federal Reserve, which said in May that while China has managed to contain the fallout so far, a worsening property crisis could impact the country's financial system too.

## StanChart wins Asiamoney Best Bank Awards

STAR BUSINESS DESK

Standard Chartered Bangladesh has won the Asiamoney Best Bank Awards 2022 as the "Best International Bank" in Bangladesh.

The bank was recognised for its focus on sustainability, driving economic empowerment and greater financial inclusion, and demonstrating a continued commitment to powering economic and social growth.

Standard Chartered won the award in sixth consecutive time, a press release said.

"This achievement is a testament to how, despite the challenges of the past year, we have continued to push boundaries for our clients and have marshalled our strength and resilience to support our communities," said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

Established in 1989, Asiamoney, a financial publication in the UK, focuses on publishing content related to business and finance. It provides stakeholders with insights, reports, and analyses.

## Hyundai subsidiary has used child labour at US factory

REUTERS, Luverne, Alabama

A subsidiary of Hyundai Motor Co has used child labor at a plant that supplies parts for the Korean carmaker's assembly line in nearby Montgomery, Alabama, according to area police, the family of three underage workers, and eight former and current employees of the factory.

Underage workers, in some cases as young as 12, have recently worked at a metal stamping plant operated by SMART Alabama LLC, these people said. SMART, listed by Hyundai in corporate filings as a majority-owned unit, supplies parts for some of the most popular cars and SUVs built by the automaker in Montgomery, its flagship US assembly plant.

## Canada may extend timeline for oil emission targets

AFP, Montreal

Canada, the world's fourth-largest oil producer, is considering pushing back its greenhouse gas reduction timeline for its oil industry, the environment minister told media Saturday.

The government recognizes that "some of the measures that will be needed to achieve those deep emission reductions might require more time than what we have between now and 2030," observed Canadian Environment Minister Steven Guilbeault in an interview with CBC's "The House."



HBM Iqbal, chairman of Premier Bank, attends the bank's half-yearly "Business Conference-2022" at the Renaissance Dhaka Gulshan Hotel in the capital yesterday. Moin Iqbal, vice-chairman of the bank, Abdus Salam Murshedy, Shafiqur Rahman, Mohammad Imran Iqbal, directors, Kaiser A Chowdhury, independent director, Muhammed Ali, adviser, M Reazul Karim, managing director, were present. PHOTO: PREMIER BANK

## Leadership agenda

FROM PAGE B4

their fast-changing behaviours amid disruptions. Having strong insights about customers helps organisations innovate faster and create meaningful values for their customers. A transformative organisation keeps itself relevant by harnessing strong insights about its customers beyond their journey of digitalisation.

The only way an organisation can develop and enhance its insights is by continuously engaging with them. In a brick and mortar business environment, meticulous business leaders observe their customers thoroughly and try to understand what kind of needs are driving their behaviours, within the store or outside.

In the digital realm of the same business, the leaders rely on the digitalised techniques such as A/B testing to understand customers' behaviours and develop insights about them.

In fact, successful leaders rely more on the digital techniques and data to create insights instead of their gut-feeling and make decisions.

The best way to execute a transformation successfully beyond digitalisation is to adopt a citizen-

led approach. An ideal citizen-led approach of an organisation empowers its employees to continuously innovate and contribute to creating values for its stakeholders.

A citizen-led approach helps employees to identify themselves more with the purpose of the organisation and align their efforts towards achieving organisational goals.

Having said that, a citizen-led approach is not suggestive to run an organisation without business leaders as they are an integral part in championing such citizen-led approach and to lead by example.

Finally, business leaders must disrupt their own leadership style. Leadership is no longer a top-down approach when an organisation looks beyond digital.

Modern leaders must demonstrate their capabilities in developing strategy for the business as well as their ability to execute it successfully. They must be tech-savvy, should be as comfortable as their teams in navigating through the digital realm, including social media and metaverse.

At the same time, they must possess deeply humane skills to understand their stakeholders, and

be adept at making adjustments without compromising with their integrity and the core organisational values.

Leadership agenda of a truly transformative organisation should set the right tone at the top and enable the teams to take risks in building complex digital capabilities for the new world.

At the same time, the tone at the top must be right. Leaders must demonstrate that they understand data produced out of the digital realm of the business and society, and they make decisions based on data.

They should also define certain path-breaking journeys such as their goals towards net zero. Only then they will be able to proactively encourage their people to behave in the same way.

As organisations in Bangladesh are rapidly transforming themselves with new products and services, and new capabilities, the leadership agenda should be reset with this new paradigm of perpetual disruptions. It's also the time for the business leaders to reinvent themselves.

The author is a partner at PwC. Views are personal.

## Fed set for another hike

FROM PAGE B4

"It's a very complicated, multi-dimensional issue," Kohn told AFP, especially due to the ongoing supply chain uncertainty.

After flooding the world's largest economy with support during the pandemic -- zero interest rates and a steady stream of liquidity into the financial system -- Fed policymakers were congratulating themselves on how quickly the economy recovered, regaining millions of jobs in a matter of months.

But they were caught flat-footed by the rapid run-up in prices, as Americans flush with cash due to massive government aid went on a spending spree, buying up cars, houses and other goods at a time when the global supply chain was still bogged down by pandemic lockdowns that continue in China.

The Fed finally began liftoff -- taking the policy interest rate off zero -- in March, starting with a 25-basis-point increase, followed by 50 in May and 75 in June.

Higher lending costs make it more expensive to borrow funds to buy cars and homes or expand businesses, which should cool demand, while also making it more attractive to save rather than spend. Other major central banks have followed suit, including the European Central Bank that made its first move last week.

Fed Chair Jerome Powell last month said the policy-setting Federal Open Market Committee would consider either a 50 or 75 bps hike at the July meeting, and most economists expect a repeat of the June three-quarter point increase.

Fed Governor Christopher Waller recently floated the idea of a mammoth 100-bps hike, which would be the first since the US central bank started using the federal funds rate for policy in the early 1990s.

The equivalent amount of tightening in a single move hasn't been seen since the early 1980s, when then-Fed chief Paul Volcker was on a crusade to crush a wage-price inflationary spiral.



Shakib Al Hasan, cricketer and brand ambassador of DBL Ceramics, cuts the ribbon to inaugurate DBL Ceramics' exclusive display centre at the CJKS Market (MA Aziz Stadium) in Chattogram recently. Abdul Wahed, chairman of DBL Group, MA Jabbar, managing director, MA Rahim, vice-chairman, MA Quader, deputy managing director, and Md Bayazed Bashar, general manager of DBL Ceramics, were present. PHOTO: DBL CERAMICS



Mohammed Haider Ali Miah, managing director of Exim Bank, virtually inaugurates the bank's half-yearly "Business Development Conference-2022" recently. Mohammad Firoz Hossain, Md Humayun Kabir, Shah Md Abdul Bari, additional managing directors of the bank, and Jashim Uddin Bhuiyan, and Maksudha Khanam, deputy managing directors, joined the event. PHOTO: EXIM BANK



Ahsan-uz Zaman, managing director of Midland Bank, inaugurates the bank's half-yearly "Business Review Conference-2022" at its head office in Gulshan, Dhaka recently. Md Zahid Hossain, deputy managing director of the bank, Md Javed Tarek Khan, head of institutional banking, and Nazmul Ahsan, head of treasury, were present. PHOTO: MIDLAND BANK

## Pran-RFL's export target \$2b by 2030

STAR BUSINESS REPORT

Pran-RFL Group, one of the country's leading industrial houses, has targeted exporting all products it manufactures for the local market of \$1 billion by 2025 and \$2 billion by 2030.

Ahsan Khan Chowdhury, chairman and chief executive officer, announced this at a meet the press event styled "25 years of Pran-RFL export: Taking Bangladesh to the world" at a hotel in the capital yesterday.

"Our group's products are now competing with well-known brands of different countries and are being placed in famous chain shops, which is a matter of great pride for the country," he said.

The group exported products worth \$532 million in fiscal year 2021-22 and those were outputs of seven out of the 10 sectors which have high potential in the country, said Chowdhury.



An analyst says there is no scope to delay the construction of public interest projects such as fire stations as this kind of delay may intensify the loss of properties and human lives.

PHOTO: STAR/FILE

## City Bank's profit rises slightly in Q2

STAR BUSINESS REPORT

The City Bank Ltd posted a slightly higher profit in the second quarter of 2022.

The consolidated earnings per share of the private commercial bank were Tk 1.21 in the April-June period, up from Tk 1.19 recorded in the same period last year, according to the un-audited financial statements.

The consolidated EPS, however, fell to Tk 2.04 in the first half of 2022 against Tk 2.16 registered in the same period of 2021.

The consolidated net operating cash flows, a measure of a firm's financial strength, was Tk 7.58 in the negative per share from January to June versus Tk 3.96 during the first half of 2021.

Shares of City Bank closed 0.91 per cent lower at Tk 21.80 on the Dhaka Stock Exchange yesterday.

# Project to build fire service stations in slow lane

MD ASADUZ ZAMAN

On July 9 last year, a massive fire raged through a juice-making factory in Narayanganj, killing at least 52 people. And the whole nation witnessed how firefighters struggled to bring the blaze under control.

The fire at Hashem Foods factory came at a time when two modern fire service and civil defence stations were being set up in one of the industrial belts of Bangladesh.

The stations - Shibu Market Fatullah Fire Service Station and Kanchpur Bridge Modern Fire Service Station - are being constructed as part of a Tk 629 crore project setting up 11 modern stations across the country to ensure fire safety at industrial belts and power plants.

The Executive Committee of the National Economic Council approved the project in November 2018 and the work of the project began in January 2019. It was supposed to complete by June 2021.

Later, the project, which is being implemented by the Public Works Department, was revised in April 2021, raising the cost by Tk 15.95 crore and pushing back the deadline to June 2022.

The project could not be completed on time due to the weak feasibility study, changes

to the project proposal, and additional time needed for land acquisition, according to a report of the Implementation Monitoring and Evaluation Division (IMED) of the planning ministry.

The overall financial progress was 50.29 per cent as of April this year, it said.

Out of 11 stations, the physical progress of the fire station in Karnaphuli of Chattogram, Konabari of Gazipur and Shibu Market of Fatullah is not satisfactory, said the report. Their actual progress stands at 45 per cent, 20 per cent and 14 per cent respectively.

The implementation progress was 14 per cent for Rajendra intersection modern fire station of Gazipur and 2 per cent for Kalurghat fire station in Chattogram.

The construction of the fire station at Sarabo (Kashimpur) of Gazipur and Rooppur (Green City) in Pabna has been completed.

The implementation progress is 95 per cent for the Zirabo fire station in Savar and 86 per cent for the Gazipur intersection fire station, according to the IMED report.

However, more than three and a half years into the project, the tenders have been floated for the work of the fire station at the Rooppur Nuclear Power Plant. The tender evaluation process is underway.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue, termed the delay in project implementation unacceptable.

"When a fire incident occurs every two days, there is no scope to delay the construction of public interest projects such as fire stations. This delay may intensify the loss of properties and human lives."

The economist urged the authorities to focus on it since the country is moving towards becoming an industrialised nation.

Time and cost overrun of development projects have become a major concern for Bangladesh in recent times. Prime Minister Sheikh Hasina, on several occasions, gave directives to stop the delays.

However, Project Director Md Shahid Atahar Hossain called the overall implementation of the fire station project satisfactory. The deadline of the project has been extended by another year to June 2023. But the estimated cost has been reduced by Tk 28 crore, he said.

"We have already completed four fire stations and the work of five more stations will be finished by 2022," Hossain said, adding that the rest two will be ready within the extended period.

## 13 to be honoured for contribution to agriculture

KHONDOKER MD SHOYEB

The government has announced honouring 13 people with the 'Agricultural Important Person' or AIP status for their outstanding contribution to the agricultural sector.

The AIPs will be given under a policy formulated by the government last year to recognise individuals and organisations for their contribution in agriculture, fisheries, livestock and forest sectors.

"The AIPs will be given to honour the contributors to the agricultural sector like the CIPs (Commercially Important Persons) in other sectors," Balai Krishna Hazra, additional secretary of the agriculture ministry, told The Daily Star.

With one-year validity, an AIP will get pass to enter to the Bangladesh Secretariat, invitation to national ceremonies, priority to air and train tickets and priority to getting cabins in public hospitals for family members.

## Agrani Ins profit plunges 41pc

STAR BUSINESS REPORT

Agrani Insurance Company Ltd's profit declined by 40.81 per cent year-on-year in the second quarter of 2022.

The earnings per share were Tk 0.29 in the April-June quarter against Tk 0.49 during the identical quarter of 2021, according to the un-audited financial statements of the company.

The EPS was Tk 0.72 in the first half of 2022 versus Tk 0.77 during the same period in the previous year.

The net operating cash flows, a measure of a firm's financial strength, were Tk 0.02 in the negative in the first half as against Tk 0.37 in the negative from January to June of 2021.

The net asset value per share was Tk 20.38 on June 30 this year compared to Tk 19.84 on December 31 last year.

Shares of Agrani Insurance fell 1.8 per cent on the Dhaka Stock Exchange yesterday.

## Takaful Islami Ins profit declines

STAR BUSINESS REPORT

Takaful Islami Insurance Ltd posted a lower profit in the second quarter of 2022.

The earnings per share were Tk 0.34 in the April-June quarter against Tk 0.56 registered in the same period a year ago.

In the first half of 2022, the EPS stood at Tk 0.70. It was Tk 1.11 in the January-June period of 2021, according to the un-audited financial statements of the insurer.

Shares of Takaful Islami Insurance closed 1.68 per cent lower at Tk 46.80 on the Dhaka Stock Exchange yesterday.

## Local stocks suffer though global markets recover

FROM PAGE B1

Meghna Condensed Milk Industries topped the gainers' list, rising 9.82 per cent. FAS Finance & Investment, International Leasing and Financial Services, First Finance, and Meghna Pet Industries rose significantly.

Libra Infusions shed the most, eroding 5.19 per cent. On the day, the company reported negative earnings per share of Tk 7.78 for the financial year that ended on June 30, 2020.

Provati Insurance Company, Berger Paints, Samorita Hospital, and Ring Shine Textiles also suffered major losses.

Orion Infusion was the most-traded stock on the day, with its shares worth Tk 23 crore changing hands, followed by Matin Spinning Mills, KDS Accessories, Prime Textile Spinning Mills, and Fortune Shoes.

The Chittagong Stock Exchange (CSE) also suffered steep losses yesterday. The Caspi, the all-share price index of the bourse in the port city, plunged 160 points, or 0.89 per cent, to close at 17,807.

On the CSE, 44 stocks advanced, 207 fell, and 18 did not see any price movement.

## SMEs outside EPZs, industrial belts

FROM PAGE B1

Mostofa Azad Chowdhury Babu, senior vice-president of the Federation of Bangladesh Chambers of Commerce and Industry, says the worst sufferers of the energy crisis are the SMEs as they don't have the financial strength to run generators to keep factories operational during power cuts.

Of them, the small units outside the EPZs and industrial zones are feeling more pain than others, he said.

## Mills shut

FROM PAGE B1

It was able to initially award five investors lease of five mills. Of those, only two have started operations while two winners are yet to deposit the lease money and one declined to accept.

Recently, the BJMC issued notifications for the handover of seven more mills to private investors and only one investor deposited the security money. The remaining investors will have to deposit the security money by July 31, said officials.

Rauf, who was the BJMC chairman during the closure of the mills, said two of the mills leased out started production in February this year but the BJMC has not started earning anything as the lease holders would get a nine-month grace period.

Besides, integration of the BJMC's existing employees into other government agencies is yet to be complete. Once it is done, the issue will be resolved, he added.

As per the plan, the BJMC will have over 350 employees out of its 2,750-member workforce to oversee the properties of the state mills.

The rest of the employees will be transferred to the public administration ministry for reemployment in other agencies.

"Once integration is complete, there

will be no losses," he said.

Before the mills went out of production, the corporation suffered around Tk 700 crore in losses, the highest in five-year, according to Bangladesh Economic Review 2022 published by the finance ministry.

Asked about delays in reopening the mills, he said investment would come from businesspeople. "What can we do if they do not come?" he said.

Entrepreneurs, mainly jute millers, earlier said investors would not be interested in investing for the short term.

The secretary said they attached the condition to protect public property from misuse.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the losses of the BJMC was unacceptable at a time when the government was under pressure regarding public expenditure management.

"We were told that the government shut down the mills due to their huge losses and BJMC will lease out those to the private sector. That has not taken place while many workers have not got their arrears. The process of transferring mills to the private sector should be fast after closing the financial accounts of all mills," he said.

## Shakib serves legal notice

FROM PAGE B1

January 20, 2016, and it was not renewed, said the lawyer quoting the notice.

What is Shakib Al Hasan doing at BFDC?

"Recently, our client is shocked to have found out that despite the expiry of the said agreement on January 20, 2016, Banglalink is continuing to unlawfully display and exploit our client's image, brand, etc. in several places," he said.

"It is also shocking to have found out that Banglalink and Jamuna Bank are jointly commercially exploiting our client's brand image etc. in several ATM Booths of Jamuna Bank without any permission from our client," he added.

"Banglalink and Jamuna Bank have thus acted unlawfully and Banglalink has committed a serious breach of the said agreement," Ashraful said quoting the legal notice.

He told The Daily Star that he will lodge a case with the lower court concerned against Banglalink and Jamuna Bank if they do not refrain from continuing to unlawfully display and exploit Shakib's image and brand and do not pay the damages in seven days from the receipt of the legal notice.

Contacted, Ankit Sureka, head of corporate communications and sustainability at Banglalink, said, "We have not received any such notice officially yet. Therefore, we cannot comment on this."

## China plans data strategy to avoid US delistings

REUTERS

China plans to sort US listed Chinese companies based on the sensitivity of the data they hold in an attempt to stop US regulators from delisting hundreds of firms, the Financial Times said on Saturday.

The three-tier system aims to bring Chinese companies into compliance with US rules that would require public companies to let regulators inspect their audit files, the FT said, citing four unnamed people with knowledge of the situation.

The three broad categories include companies with non-sensitive data, sensitive data and secretive data, the newspaper said.

Reuters could not immediately reach the CSRC for comment during non-business hours on Sunday.

## Iraq, Kurdistan choose 'dialogue' to ease oil dispute

AFP, Baghdad

The federal government in Baghdad and the autonomous Kurdish region pledged Saturday to "increase dialogue" to ease a simmering oil dispute that has been playing out in the courts in recent months.

The announcement came during a rare visit to the Iraqi capital by the Kurdish region's prime minister. Masrour Barzani, who had not visited Baghdad since 2019, met Iraqi Prime Minister Mustafa al-Kadhemi for wide-ranging talks.

An oil dispute that has been poisoning relations between the two sides, and threatening to harm Iraq's lifeline oil industry according to analysts, was among the topics.

## Brexit blamed as UK faces Channel port logjam

AFP, London

Unions, port officials and the French authorities blamed Brexit on Saturday as thousands of holidaymakers faced long delays trying to reach Europe via the English Channel port of Dover.

But UK Foreign Secretary Liz Truss laid the blame squarely on Paris, telling her French counterpart Catherine Colonna that "the French authorities have not put enough people on the border."

The situation has added to the bad blood between London and Paris in the wake of Brexit, scotching hopes of a reset after Boris Johnson said earlier this month he was stepping down as premier.

"We need to see action from them (the French) to resolve the terrible situation which travellers, including families, are facing," said Truss, who is currently fighting to succeed Johnson as prime minister.

But Paris has rejected claims that the gridlock was caused by under-staffing and Colonna in her tweet took a more sanguine view of their conversation, describing the talks as "good" and welcoming the "cooperation" to reduce the delays.

Colonna also underlined the "need to improve facilities at the Port of Dover." Tweeting the front page of Britain's right-wing Daily Telegraph which had the headline "Truss tells France to fix holiday chaos", France's Transport Minister Clement Beaune said the French authorities were "mobilised" to ease movement.

But in a jab at London, the former Europe minister added: "France is not responsible for Brexit".

Border checks and extra paperwork for freight traffic were reintroduced when Britain left the European Union last year, ending free movement for people and goods in the bloc.

Bottlenecks of lorries at Dover have been seen since then but this summer is the first with unrestricted travel for the public since the lifting of all Covid restrictions.

French lawmaker Pierre-Henri Dumont, whose constituency includes the French Channel port of Calais, called the travel chaos "an aftermath of Brexit".

"We have to run more checks than before," he told BBC television, predicting it would happen again.

Port of Dover chief executive Doug Bannister initially blamed a lack of French border agency staff for the logjam which saw some holidaymakers wait six hours or longer to catch their ferries.

But he conceded there were now "increased transaction times" post-Brexit. The port was confident of handling the demand at peak periods, he added.

Brexit figurehead Johnson made "taking back control" of UK borders a rallying call for his "leave" campaign in the 2016 vote on EU membership.

Since becoming prime minister, he has found that more difficult, with record numbers of migrants crossing from northern France in small boats.

Lucy Moreton, from the ISU union that represents borders, immigration and customs staff, said the tailbacks were a "reasonably predictable" result of Brexit.

"This is the time that it's chosen to bite," she told the BBC.

Passengers have to go through both UK and French border checks at Dover before boarding ferries to northern France.

By 12:45 pm (1145 GMT), the Port of Dover said more than 17,000 passengers had already gone through. Bannister said some 8,500 vehicles had left the port on Friday, with about 10,000 expected on Saturday.

## India has zero tolerance for rupee volatility

Says governor

REUTERS, Mumbai

India's central bank has zero tolerance for volatile and bumpy movements in the rupee and will continue to engage with the foreign exchange market to ensure the rupee finds its appropriate level, its chief Shaktikanta Das said on Friday.

The rupee has been hitting a series of record lows in recent weeks and broke past the psychological 80 per dollar mark earlier this week, prompting heavy dollar selling intervention from the Reserve Bank of India (RBI).

"We have no particular level of rupee in mind but we would like to ensure orderly evolution," Das said at a banking conference in Mumbai organised by the Bank of Baroda.

"We have zero tolerance for high volatility and bumpy movements."

**The rupee has been hitting a series of record lows in recent weeks and broke past the 80-dollar mark this week**

Das said the rupee's movements have been relatively smooth and orderly due to the RBI's actions in the foreign exchange market. By ensuring there are no sudden and volatile shifts, the RBI was keeping expectations anchored and the foreign exchange market functioning in a stable and liquid manner, he added.

"We will continue to engage with the forex market and ensure that rupee finds its level in line with its fundamentals".

He said the central bank has been supplying dollars since there is a genuine shortage of dollars in the market. On Friday, the rupee was last trading at 79.90/91 to a dollar, compared to its Thursday's close of 79.9450.

Das also said the central bank has built its foreign exchange reserves for situations like these, noting that India has a substantial amount of foreign exchange reserves to handle the current crisis and there is no need to panic.

More broadly, the governor said India's economy remains well placed and all high-frequency indicators have been pointing towards a steady revival.



# IT exports shoot up 52pc in Jul-Apr

MAHMUDUL HASAN

Information technology (IT) exports from Bangladesh are snowballing as global clients have swamped local IT companies with orders for various software, data processing and other digital service solutions.

As such, local IT companies saw their export earnings shoot up 52 per cent year-on-year to \$369 million in the July-April period of fiscal 2021-2022, according to the Export Promotion Bureau (EPB).

The industry raked in \$242 million from exports in the first 10 months of fiscal 2020-21 before going on to cross the \$300-million mark by the end of the year as Covid-19 turbocharged global demand.

And even though the pandemic situation has since improved, orders continue to flow in from abroad due to the return of economic activities worldwide, industry people said.

Syed Almas Kabir, former president of the Bangladesh Association of Software and Information Services (BASIS), said the demand for IT and information technology enabled services (ITES) will rise further thanks to the continued digitisation and automation of all companies across the globe.

"So, Bangladesh has plenty of opportunities to widen its basket in this sector," he added.

The higher export earnings in the first 10 months of the last fiscal were driven by the sale services, such as data processing, web hosting, consultancy, and product installation and maintenance.

Receipts from ITES exports, namely data processing and web hosting, grew by around 61 per cent year-on-year in the July-April period to \$277.9 million.

Similarly, IT consultancy services raked

in \$31 million in the first 10 months of fiscal 2021-22, up from \$22 million a year ago, while software exports rose to \$51 million from \$42.6 million at the same time.

Ferdous Ahmad Shaon, managing director of Cefalo Bangladesh, a software exporter focused on the European market, said their export earnings swelled by up to 50 per cent in the last one year thanks to growing orders for both financial technology (fintech) and non-fintech products.

**The industry raked in \$242 million from exports in the first ten months of fiscal 2020-21 and may cross the \$300-million mark in entire year**

The company's block-chain based fintech app has become popular abroad with clients from four counties already having acquired it.

"All the top local IT companies fared well in the last fiscal and they are expanding," said Shaon, citing how Cefalo hired about 70 people in the last one year, taking its total manpower close to 200.

Shaon then said the Russia-Ukraine war has created a difficult situation in the global economy with inflation soaring around the world, including Bangladesh's top export destinations for IT in the West.

"The impact of the global economic uncertainty will be clear after a few months," he said.

"If businesses around the world cut down their investments, it will harm the IT sector and Bangladesh will not be immune from that crisis," Shaon added.

The export earnings of Brain Station 23, one of the top software exporters in Bangladesh that employs 600 local tech talents, grew by 40 per cent during the July-April period of 2021-2022.

"But, the pace of growth slowed due to the war," said Raisul Kabir, chief executive officer of Brain Station 23.

However, Ukraine was a top IT and ITES provider before the war, which has diverted some of their orders to Bangladesh.

"At the same time, some orders were declined for the gloomy global economic situation caused by the war," he added.

Intiaz Ilahi, chief executive officer of Graphic People, a web developer, said job switching has intensified in the EU and US markets following the pandemic and so, IT firms in those countries are struggling to meet demand amid the current situation.

"So, work orders from those counties have increased," said Ilahi, adding that Graphic People's growth in export earnings is over 15 per cent and it now employs a total of 260 people.

He went on to say the industry is now more diverse and the demand from global clients is rising.

Export receipts for the installation, maintenance and repair of computers and peripheral equipment increased by around 86 per cent during the July-April period of fiscal 2021-2022 to \$9 million.

According to BASIS, export earnings from IT services are more than \$1 billion, which is far higher than the EPB figures.

Officials of the top ICT trade body said this is because government figures do not properly include the earnings of freelancers and how many service providers bring their export proceeds through unofficial channels.

## Leadership agenda beyond digital

ARJIT CHAKRABORTI

Most of the large organisations worldwide are going through certain technology-led digital transformations.

Large and reputed organisations in Bangladesh too have embarked on such technology-led transformations, such as implementation of enterprise resource planning (ERP) tools, cloud-based packaged solutions such as sales force automation, and business intelligence solutions. Such technology-led transformations help these organisations improve efficiency, reduce cost, and upgrade their process adherence standards.

However, technology-led transformations do not result in digital transformation of an organisation. Quite often, tech and digital are used interchangeably to mean a certain technology adoption or a technology-led transformation.

However, digital transformation means quite a few other elements beyond technology. And to realise maximum benefits from the digital transformation journey, business leaders need to focus their attention on the journey beyond digitalisation.

In an environment of frequent disruptions, the organisations distinguish themselves as transformative with respect to others by focusing on a wide range of transformative elements, starting from reimagining their position in this world.

Redefining their competitive advantage and recalibrating their purpose help these organisations look beyond their present set of products and services, and rearticulate their value creation opportunities for their stakeholders.

For these organisations, being digital consisted of the journey of converting their existing products and services to the digitalised ones and converting their brick-and-mortar business processes to a set of digitalised business processes.

**As organisations in Bangladesh are rapidly transforming themselves with new products and services, and new capabilities, the leadership agenda should be reset with this new paradigm of perpetual disruptions**

After transforming into digital, now they must look towards the journey beyond digital. That's where truly transformative business leaders define the journey of their organisations.

The second element of the leadership agenda would be to build the value creating ecosystem proactively. Transformative organisations must realise that they must leverage ecosystems of suppliers and innovators to continuously enhance the value of their products and services, and stay relevant among their stakeholders, including customers.

Ecosystems help the organisations focus on their most important capabilities and leverage the other capabilities from other organisations that are good at those. Ecosystems help in attaining scale, agility and flexibility.

For example, ride sharing apps tend to focus on their most important capabilities on technology development and customer experience delivery. At the same time, they build their ecosystem of vehicle owners and drivers who mobilise resources to help create the virtual fleet of vehicles.

The third aspect that business leaders must focus on is to understand their customers better. Once the unique position gets well articulated, leaders must take proactive measures to create insights on the organisation's customers and

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## Fed set for another big rate hike

AFP, Washington

US central bankers face an increasingly difficult balancing act as they struggle to douse scorching inflation while still keeping the economy growing, though they have made it clear they are willing to risk a recession.

But with war still raging in Ukraine, and Covid-19 causing ongoing issues in Asia, avoiding an economic downturn will require luck and depend on many factors outside the Federal Reserve's control.

As families struggle to make ends meet amid surging prices for gas, food and housing, and a rising number of Americans take on second jobs to pay the bills, Fed officials have made it clear that fighting inflation is their top priority even if that means inflicting pain.

The Fed holds its two-day policy meeting next week, where it is expected to hike the benchmark borrowing rate on Wednesday by another three-quarters of a percentage point in its aggressive campaign to cool demand and ease price pressures.

Despite a healthy job market with near-record low unemployment, workers are seeing their wage gains overwhelmed by sky-high consumer prices that rose by a new 40-year high of 9.1 per cent in June.

Slowing the economy is likely to cause more job losses, but policymakers want to avoid at all costs the greater pain of a price spiral that becomes entrenched or spins out of control.

Treasury Secretary Janet Yellen, herself a former Fed chief, warned last week that achieving a "soft landing... will require skill and good luck."

Former Fed vice chair Donald Kohn agreed.

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People shop at a grocery supermarket in Alhambra, California. US consumer price inflation surged 9.1 per cent over the past 12 months to June, the fastest increase since November 1981, according to government data released recently.

PHOTO: AFP/FILE

## Digital RMB application expanding in China

ANN/CHINA DAILY, Beijing

China has expanded its pilot areas for digital RMB or e-CNY in 15 provinces so far this year, the People's Daily reported recently.

As of May 31, these pilot areas had made a total of around 264 million digital yuan transactions with a value of about 83 billion yuan (\$12.31 billion). Business entities that open e-CNY service have reached 4.57 million in the country.

Now, e-CNY has been available for people in many scenarios both online and offline such as purchasing electricity, shopping and services including medical care and taxpaying.

Digital RMB has the characteristics of lower cost, higher payment efficiency, and wider application scenarios, said Dong Ximiao, chief researcher at Merchants Union Consumer Finance.