

Star BUSINESS



BB goes further to monitor imports

STAR BUSINESS REPORT

In a bid to contain the current volatility in exchange rates, the Bangladesh Bank yesterday went further to scrutinise imports of up to \$3 million. The new measure comes less than two weeks after the central bank directed banks to submit information regarding imports amounting to \$5 million and above before opening letters of credit (L.Cs) for private businesses. The development follows a series of steps taken by the BB to restore stability in the foreign exchange market amid a gradual drop in forex reserves resulting from a high current account deficit, which occurs when total imports exceed total exports. The current account deficit stood at \$17.23 billion in the July-May period of the fiscal year of 2021-22 as import costs overshoot exports while remittance fell, according to the BB.

READ MORE ON B3

BSEC sets stock floor price again

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has again set the floor price of every stock to halt the free fall of the market indices amidst global economic uncertainties that have impacted Bangladesh's economic indicators in the last couple of months. The floor price will be the average of the closing prices on July 28 of this year and the preceding four days, reads a notice issued by the stock market regulator yesterday. The floor price is the lowest price at which a stock can be traded. In case of stock dividend and right share issuance, the floor price will be the adjustment with the price prevailing on the day preceding the record date, it said. The record date is the day until which an investor is eligible for the stock dividend and right share in cases where the investor has decided to sell the share.

READ MORE ON B3

Make inter-bank forex market vibrant

Bank CEOs urge BB

STAR BUSINESS REPORT

The Association of Banks, Bangladesh (ABB) yesterday urged the central bank to make the inter-bank foreign exchange market vibrant in order to ease the ongoing forex pressure in the financial sector. "Creating confidence among banks about the platform is important to activate the market," said Selim RF Hussain, chairman of the ABB, a platform of managing directors of all banks in Bangladesh. "Banks will buy and sell US dollars among each other through the platform if they have confidence in it." He came up with the suggestion at a press conference at the head office of Brac Bank in the capital. Hussain, also the managing director of Brac Bank, said confidence would receive a boost if no one intervenes in the market. A number of officials of the BB and commercial banks have recently alleged that the central bank frequently intervenes in the forex market in a bid to keep the exchange rate of the taka against the US dollar artificially high. The exchange rate of the local currency stood at Tk 94.70 per USD in contrast to Tk 84.80 a year ago.

FBCCI RECOMMENDS

- Strongly monitor banks, financial institutions, exchange houses
- Introduce renminbi and Indian rupee as second currency for int'l trade
- Don't withdraw interest rate cap now
- Allow long-term loan facility to rein in NPL
- Give equal loan rescheduling facility to small enterprises
- Take measures to stop stockpiling of dollar by banks



CHALLENGES

- Dollar hit as high as Tk 112 in informal markets
- Businesses are facing a shortage of dollar
- Current account deficit: \$17.23b in Jul-May of FY22, 4 times of the previous year
- Imports: \$81.49b in Jul-May of FY22, 39% higher year-on-year

MARKET SITUATION

- Forex reserves: \$39.48b as of Wednesday
- Interbank exchange rate: Tk 94.7 on Thursday, 12% rise year-on-year
- Importers require to pay Tk 106 per dollar
- Exporters get Tk 94-95 a dollar

FOREX MARKET VOLATILITY

FBCCI wants action against wrongdoers

REFAYET ULLAH MIRDHA

The country's apex trade body yesterday called on the central bank to beef up its monitoring of private commercial banks, financial institutions and money changers to check the anomalies in the international currency exchange business. The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) came up with the recommendations, alleging a number of private commercial banks and financial institutions as well as money exchange houses are making a brisk business cashing in on the US dollar shortage. "A section of banks and financial institutions are doing abnormal business in the foreign exchange market by taking advantage of the current situation. But the situation has not worsened as much as banks are showing," FBCCI President Md Jashim Uddin told The Daily Star after a meeting with Bangladesh Bank Governor Abdur Rouf Talukder. "The profit-mongering attitude of banks has reached such a level that they are doing whatever they want to do with the exchange rate as if there are no regulations in the country." The foreign currency market

has become volatile in Bangladesh as the foreign exchange reserves have fallen at a faster pace in recent months owing to accelerated import payments as the economy rebounds from the pandemic-induced slowdown. On the interbank forex market, the exchange rate of the local currency stood at Tk 94.70 per USD yesterday in contrast to Tk 84.80 a year ago. This means the taka has lost a value of 11.67 per cent in the past one year. On July 25, the BB depreciated the value of the taka by 25 paisa as the demand for the US dollar shows no sign of slowing down. But banks don't follow the rate while buying and selling the American greenback since demand outweighs supply. Exporters complain that local banks are paying them Tk 93-94 a dollar when they encash export proceeds, whereas importers say

they are now counting Tk 105-106 to purchase each dollar. The FBCCI president urged the central bank governor to bring money changers under strong monitoring since they are also making an abnormal profit as well. Speaking to The Daily Star, Jashim said the central bank should allow local businesses to use the Chinese renminbi (RMB) to settle international trade transactions. "The RMB could be an option for Bangladesh in this difficult situation. If the currency is used, the pressure on US dollars will ease significantly. We need to lessen the pressure on US dollars to save our businesses and the economy." Even, Bangladesh can use the Indian rupee to tackle the exchange rate volatility between the taka and the US dollar, the

FBCCI chief also said. China is the largest trading partner of Bangladesh and the largest source of imports. India is also a major trading partner of the country. They together accounted for 42 per cent of Bangladesh's imports in the fiscal year of 2020-21, BB data showed. Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, met with the central bank governor on Wednesday and suggested allowing international trade transactions in the RMB. "We need to cut our over-reliance on the single currency. The use of multi-currency in trading may ease the pressure on dollar dollars," he said yesterday. Nearly 90 per cent of Bangladesh's international trade takes place in US dollars. Islam also said Bangladesh can use the Indian rupee for international trade. The FBCCI suggested the governor extend a similar loan rescheduling facility to small and medium enterprises like that given to large borrowers since they are a major part of the economy and contribute to the nation. On July 18, the central bank allowed an unprecedented loan rescheduling facility, mostly for big business houses.

READ MORE ON B3

Private credit growth hits 4-year high

AKM ZAMIR UDDIN

Private sector credit growth in Bangladesh accelerated to a four-year high of 13.66 per cent last fiscal year from what was in the preceding year. The propellants were the need to finance rising imports and demand for SME and retail loans as the economy regained its pace in growth from the pandemic's fallout. The data comes at a time when Bangladesh Bank is aiming to reduce credit to private business. The regulator not only seeks to contain inflation but also bring back stability in the economy which is facing spiralling current account deficits, pressure on foreign exchange reserves and subsequent volatility in the exchange rates.

As credit growth has remained high, economists suggest the central bank contain credit growth to curb excess demand to contain inflation

As the credit growth has remained high, two economists yesterday suggested that the central bank contain credit growth to curb excess demand to contain inflation which hit a nine-year high in June. The credit growth, however, remains below the Bangladesh Bank's target of 14.80 per cent for fiscal 2021-22. In the previous fiscal year, an 8.35 per cent credit growth was attained. The BB, however, has already taken several initiatives to contain money supply to the market by reducing its credit growth to the private sector. It set a credit growth of 14.1 per cent for this fiscal year. In addition, the central bank also hiked its policy rate twice within a month for the first time since its introduction in 2003. The BB raised it by 25 basis points on May 29 this year and by 50 basis points yesterday. The policy rate is what the central bank charges

READ MORE ON B3

STOCKS	
DSEX ▼	CSCX ▼
0.95%	1.14%
5,980.51	17,597.56

COMMODITIES	
Gold ▲	Oil ▼
\$1,752.68	\$97.28
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.87%	▲ 0.36%	▲ 0.48%	▲ 0.21%
56,857.79	27,815.48	3,200.65	3,282.58



Celebrates 3 Years

Exciting Offers Waiting Just for You

www.sharetrip.net

*Conditions Apply

Padma Bridge to accelerate GDP growth by 1.2-1.5pc Say experts

STAR BUSINESS DESK

The Padma Bridge would boost the growth of the gross domestic product of Bangladesh by 1.2 per cent to 1.5 per cent, said speakers at a programme on Wednesday.

Green Delta Capital Ltd, a merchant bank, organised the programme styled "Padma Bridge and Opportunities for Bangladesh's Capital Market" to celebrate the opening of the bridge and explore the opportunities it would create, according to a press release.

Md Rafiqul Islam, managing director of Green Delta Capital Ltd, presented a keynote paper, highlighting the opportunities for the capital market that Padma Bridge would bring forth.

"The capital market can add value to meet long-term funding gap for both the public and private sectors. By strengthening the bond market, they can mobilise funds to fully access the wide array of opportunities that Padma Bridge brings to the table."

Mashiur Rahman, the economic affairs adviser to the prime minister, Sheikh Mohammad Salim Ullah, secretary of the Financial Institutions Division, and Nasiruddin Ahmad Choudhury, chairman of Green Delta Capital Ltd, were present.



Inadequate rainfall, which has also given rise to a red spider mite infestation, is eating away tea plants while frequent power cuts amidst searing temperatures is causing workers to fall sick. The photo was taken at Lakkatura in Sylhet a couple of days ago.

PHOTO: SHEIKH NASIR

Global recession drum beat is getting louder

REUTERS, London

Sharply higher interest rates, red-hot inflation and a prolonged energy crisis are leading to conviction that the world economy is headed inexorably towards recession.

It's a risk US Treasury Secretary Janet Yellen and European Central Bank chief Christine Lagarde have acknowledged even if neither considers it a baseline scenario. Federal Reserve chief Jerome Powell rejects the notion.

Paul O'Connor, head of the multi-asset team at Janus Henderson, notes that since 1955 "the US economy has always experienced a recession within two years from every quarter in which inflation was above 4 per cent and unemployment was below 5 per cent, as they are today."

The International Monetary Fund this week warned inflation and war may push the world economy to the brink of recession.

Here's what some key recession risk indicators say:

The US Treasury yield curve has a track record of predicting recessions, especially when two-year yields rise above 10-year maturities. The 2/10s yield curve has inverted before every one of the last 10 US

recessions.

The yield gap between the two maturities is around 20 bps, and was recently its most inverted since 2000.

Central banks are jacking up interest rates. The Fed just delivered a second 75 basis point increase on Wednesday to tame 9.1 per cent inflation.

Some investors tie the global recession risks to gas supplies from Russia.

The IMF says a complete supply cut to Europe by year-end and another 30 per cent drop in Russian oil exports would see European and US growth at virtually zero.

Global growth could slow to 2 per cent in 2023, it warns, a level effectively amounting to recession given population growth and poor countries' need for faster expansion.

European gas prices have soared 180 per cent already this year.

An "inflationary recession" in Europe this year will ripple outward, asset manager PIMCO said, noting the United States sends a third of its exports to Europe and relies on European Union producers for 25 per cent of its imports.

Purchasing Managers Indexes are reliable predictors of manufacturing, services, inventories, orders, and therefore future growth. So, the unexpected

contraction in US and euro zone July PMIs sparked an investor dash for the safety of bonds.

For Citi analysts, the July PMIs confirm that Germany is in recession, with the euro area not far behind.

Within global PMIs, higher inventories typically signal slower growth, especially if accompanied by a slide in new orders. Goldman Sachs noted this ratio hit its lowest level since May 2020 this month.

Copper, a growth bellwether, is down 22 per cent this year.

Dubbed "Dr Copper" because of its record as a boom-bust indicator, the metal has also seen its price ratio to safe-haven gold hit an 18-month low.

Standard Chartered said recessionary fears had caused a fall in base metal prices and it had revised down its forecasts.

Brent crude prices have also slid for two straight months.

Corporate sector stress, especially at the lower end of the credit spectrum, is another warning signal.

Financing costs for sub-investment grade, or "junk" US companies stand just below 8 per cent, having almost doubled this year, while in euro markets, yields have soared to 6.4 per cent from 2.8 per cent in early-2022.

Panasonic's profit hit by China lockdowns

REUTERS, Tokyo

Japan's Panasonic Holdings Corp, which supplies batteries to Tesla, posted a 39 per cent drop in first-quarter earnings on Thursday as China's Covid-19 lockdowns and rising material costs disrupted production and squeezed profitability.

A two-month lockdown in Shanghai this spring kept people at home and forced factories to curtail output, exacerbating shortages of components including semiconductors. At the same time, rising material costs caused by Russia's invasion of Ukraine have eroded profits.

The Japanese conglomerate, however, stuck with its full-year operating profit forecast of 360 billion yen (\$2.66 billion) for the year to March 31 as it bets that it can boost earnings by increasing prices on some products and cutting costs. That outlook is lower than an average profit estimate of 412 billion yen from 19 analysts, according to Refinitiv.



Syed Habib Hasnat, managing director of Global Islami Bank, virtually inaugurates the bank's three sub-branches-- at Bajitpur of Kishoreganj, Majhira of Bogura and Voktobari Bazar of Narayanganj-- from its head office in Dhaka yesterday. Md Golam Sarwar and Kazi Mashiur Rahman Jayhad, additional managing directors, Ataus Samad and Sami Karim, deputy managing directors, were present.

PHOTO: GLOBAL ISLAMI BANK



Abu Naser, director of operations at Shwapno, inaugurates the company's 227th outlet at Sena Shopping Complex in Nabinagar, Savar in Dhaka yesterday. Sajid Ahmed, regional sales manager of the company, and Hasan Ahmed, outlet manager, were present.

PHOTO: SHWAPNO

After another big Fed hike

FROM PAGE B4

gain on Wednesday, its biggest daily percentage gain since April 2020. The benchmark S&P 500 is up nearly 10 per cent from its mid-June low, after falling as much as 23.6 per cent in the first half of the year.

Colin Graham, head of multi-asset strategies at asset manager Robeco, which oversees \$228 billion in assets, said Wednesday's meeting reinforced his bullish outlook and bolstered his confidence that policymakers will get inflation under control.

It was a sentiment echoed by Blackrock's Rick Rieder, who in a statement said "it certainly seems like slowing down the pace of policy

tightening would be possible given what we heard today". He expects a 50 basis point increase at the Fed's September meeting and "possibly one or two more 25 bps rate hikes" thereafter.

"I think the Fed has sort of caught up," said Van Hesser, Chief Strategist at KBRA. "They've convinced the markets that they understand the gravity of the situation, and have acted accordingly."

Of course, many investors are wary of calling a peak in Fed hawkishness, after a year in which inflation has repeatedly surprised markets and forced policymakers to ramp up their monetary tightening.

What to expect

FROM PAGE B4

When the incompetent boss is at the helm supported by his yes-man group, it not only impacts the employee's morale but more importantly it can cause the company's bottom line to plunge.

Bad leadership leads to high talent attrition and demotivates the remaining employees, making them much less productive than they would otherwise be as they become more cautious and slower to act.

As per studies of Harvard Business Studies, 67 per cent of leaders fail during or after their first term and only 33 per cent survive and sustain over a longer period. The incompetent boss most likely falls in the first group. At some point in time, nature takes its own course, such incompetent leaders are removed, some prematurely and others unceremoniously, but in all

likelihood, they leave the company in utter cultural and financial chaos.

It is my strong belief that the damage caused by such authoritarian incompetent leaders can take place in a considerably short time, say a year, but the recovery may take years and beyond.

Now that brings us to who is responsible for such a situation in the first place! Is it the unwisely appointed leader, the leaders of the past who fashioned the true culture of MNC, the team which failed to adjust to the new situation, or the board of the MNC who appointed the incompetent CEO? Like all of you, I think the same way - it is the board of a company or government-influence on the board, that is at the crux of it all.

The author is a telecom and management expert.

Dhaka stocks plunge

FROM PAGE B4

Bangladesh Export Import Company Ltd was the most-traded stock on the day with its shares worth Tk 35 crore changing hands.

Sonali Paper & Board Mills, Fortune Shoes, Matin Spinning Mills, Intraco Refueling Station, and IPDC Finance also saw heavy trading.

Most shares on the Chittagong

Stock Exchange fell yesterday as well.

The CASPI, the all-share price index of the bourse in the port city, lost 204 points, or 1.14 per cent, to close at 17,597.

On the CSE, only 17 stocks advanced while 240 fell and 14 remained unchanged.

Turnover slipped to Tk 11 crore, a decrease of 15 per cent from Tk 13 crore a day earlier.

Russia fines WhatsApp

FROM PAGE B4

social network Twitter, soon after the conflict in Ukraine began, a move critic has cast as an effort by Russia to exert greater control over information flows.

Meta was found guilty of "extremist activity" in Russia and saw an appeal against the tag rejected in June, but Moscow has permitted WhatsApp to remain available.

According to the ruling, when referring to Meta in the public sphere, organisations and individuals are required to include the disclaimer that Meta's activities are banned on Russian territory.

Microsoft's LinkedIn has been blocked in Russia for years after a court found it breached the data-storage rule, which was passed in 2015.

Shell, Total log record profits

REUTERS, London

Europe's biggest oil companies Shell and TotalEnergies extended share buybacks on Thursday after their second-quarter profits beat an already record-breaking previous quarter on the back of soaring crude, gas and oil product prices.

The two companies combined are buying back \$8 billion in shares in the third quarter after recording their respective highest quarterly profits while keeping their dividends steady, which might disappoint some investors.

Benchmark Brent crude oil futures have risen more than 140 per cent in the past twelve months, averaging around \$114 a barrel in the quarter.

High crude prices normally weigh on refining margins, but tight refined fuel supply supported record profitability in the second quarter, with Shell's refining margin virtually tripping to \$28 a barrel, read more.

German inflation rises unexpectedly

REUTERS, Berlin

German inflation edged up unexpectedly in July after a further reduction in gas flows from Russia prompted concerns of even higher energy bills, data showed on Thursday.

Consumer prices, harmonised to make them comparable with inflation data from other European Union countries (HICP), increased by 8.5 per cent on the year, following an 8.2 per cent rise in June, the federal statistics office said, citing preliminary data.

A Reuters poll of analysts had pointed to an overall annual HICP reading of 8.1 per cent in July.

Energy prices were 35.7 per cent higher in July on the same month last year, the office said. Both this and increased food prices - up 14.8 per cent - were driving up inflation considerably, it added.

In non-harmonised terms, Germany's year-on-year consumer price index fell slightly in July to 7.5 per cent from 7.6 per cent the previous month, the data showed.

Toyota misses April-June output target

REUTERS, Tokyo

Toyota Motor's production for the April-June quarter fell around 10 per cent short of its initial plan, but the automaker struck a more optimistic note for its business from August onwards as China's Covid-19 lockdowns eased and demand outside Japan was resilient.

The world's largest automaker by sales said on Thursday that output and sales were on the path to recovery, raising hopes it will still be able to reach its record 9.7 million global vehicle production target for the year ending March 2023.

"We do expect a recovery trend, including in Japan, but we are still in a situation where we cannot foresee the future," a spokesperson said, pointing to wariness over risks such as lingering global chip shortages, a Covid-19 resurgence that is hitting Japan and high fuel prices that could make consumers more cautious about spending.



Md Arfan Ali, president and managing director of Bank Asia Ltd, and Md Mafizur Rahman, managing director of SME Foundation, exchange signed documents of an agreement at the Pan Pacific Sonargaon Dhaka in the capital city on Wednesday.

PHOTO: BANK ASIA

Bank Asia, SME Foundation sign deal

STAR BUSINESS DESK

As a partner bank, Bank Asia signed agreement with SME Foundation to receive revolving fund under Stimulus Package for distributing among SME entrepreneurs.

Md Arfan Ali, president and managing director of Bank Asia Ltd, and Md Mafizur Rahman, managing director of SME Foundation, signed the agreement at the Pan Pacific Sonargaon Dhaka in the capital city on Wednesday, a press release said.

Under the agreement, Bank Asia

will disburse the allotted fund 4 per cent interest to SME entrepreneurs across the country's rural and marginal population to accelerate economic recovery from the Covid fallout and to improve the rural living standard.

Sheikh Mohammad Salim Ullah, secretary of financial institutions division at the ministry of finance, Md Masudur Rahman, chairman of SME Foundation, and senior officials from other partner banks and non-banking financial institutions were present.



N Rajashekar Shekar, managing director and Citi country officer of Citibank, poses for photographs with participants from local and global corporates and regulators at a client awareness programme on e-Payment of Customs Duty and VAT in Dhaka recently. Moinul Haq, head of treasury and trade solutions at the bank, and Shams Zaman, head of banking capital markets and advisory, were present.

PHOTO: CITIBANK

End load-shedding: shop owners

STAR BUSINESS REPORT

The Bangladesh Shop Owners Association yesterday urged the government to end load-shedding for the sake of small and micro enterprises.

Helal Uddin, president of the association, made the demand at a press conference at his office in the capital's Moghbazar. "Traders are now facing a tough situation for having to close their shops by 8:00pm coupled with the load-shedding for 1 to 2 hours daily," he said.

Shop owners also urged the government to allow them to keep their shops open from 12:00pm to 9:00pm as it would reduce the intolerable levels of traffic congestion.

Uddin said shops are being forced to close at 8:00pm since June 20 at a time when the entire world is still facing Covid-19 and rampant inflation stemming from the Russia-Ukraine war.

This means that shop owners are earning less money while still having to bear employee wages, electricity bills, rent and other expenses.

"That's why they are in a serious financial crisis," he added.

Uddin believes that if diesel and LNG prices are adjusted in line with the international market instead of opting for load-shedding, the government subsidy on fuel would be reduced.

But due to unplanned load shedding for 1 to 2 hours daily, the entire achievement of the power sector has been put in question, he said.

Load shedding for two hours daily started across the country from July 19 as the government is taking various measures to cope with the ongoing energy crisis.

Since the government decided to stop the import of liquefied natural gas from the international spot market at a high price, there were shortfalls in power generation that led to load-shedding.

Robi suffers losses in Q2

STAR BUSINESS REPORT

Robi, the second-largest mobile phone operator in Bangladesh, reported a loss in the April-June quarter of 2022.

Consolidated earnings per share were Tk 0.02 in the negative in the second quarter compared to Tk 0.09 posted during the same period a year ago, according to the unaudited financial statements.

Consolidated EPS was Tk 0.05 for the first half of 2022, sharply down from Tk 0.15 reported during the identical January-June period last year.



A shopkeeper selling electric items such as batteries and voltage stabilisers ironically uses a candle to run operations during a power cut amidst a surge in demand and a subsequent shortfall in the availability of products. It has been two weeks that the government announced a schedule for area-based power cuts to mitigate the electricity crisis. The photo was taken at Nawabpur in the capital last week.

PHOTO: RASHED SHUMON

RMG going to Europe via Mongla port as well

STAR BUSINESS REPORT

Garment makers yesterday sent their first export consignment from Mongla Port directly to their export destinations – a significant development for the country's apparel shipment.

The ship left Mongla with export goods of 27 garment factories, including Fakir Apparels Ltd, Windy Apparels Ltd, KC Lingerie Ltd, Artistic Design Ltd, Knit Concern Ltd, Meghna Knit Composite Ltd and Sharmin Apparels Ltd.

The goods include various garment products such as children's clothes, jerseys and cardigans, t-shirts and trousers, reports our Bagerhat correspondent.

The garment manufacturers said the Padma Bridge has brought Mongla port in the southwest coastal region of Bangladesh closer to Dhaka, which will help in saving a lot of time and money.

These products are sent directly from the port to Poland in containers owned by several clothing manufacturers, said Rear Admiral Mohammad Musa, chairman of

Mongla Port Authority (MPA).

Within a month of the Padma Bridge's inauguration, the Mongla Port has created new possibilities for garment export, he said.

Thanks to the Padma Bridge, the distance from Dhaka to Mongla port now stands at 170 kilometres, but to Chattogram it is 260 kilometres, said Md Liakat Hossain, president of the Bagerhat Chamber of Commerce and Industry.

A great deal of time gets wasted for slow unloading or loading of cargoes amid huge pressure of ships at Chattogram Port, said Syed Zahid Hossain, a clearing and forwarding and shipping agent.

"But in Mongla, there is no such pressure." Many new exporters will be interested in using this port once these garment items are exported, he said.

After the opening of the Padma Bridge, garment items are now being exported for the first time through Mongla Port, said Mustafa Kamal, the port's director for traffic.

"With this export, a new journey began."

The MPA is one of the several entities in the southern region whose operations have grown since the opening of the Padma Bridge on June 25 this year, said Hossain of the Bagerhat Chamber.

At Mongla, ship handling is quick and secure and it saves a lot of time and money as the distance to Dhaka has decreased because of the Padma Bridge, he said.

The Mongla port has registered 17 per cent annual average growth in ship handling since 2012, while the volume of cargo handling grew 19 per cent over the past decade.

The port can handle one crore tonnes of cargo, 100,000 twenty-foot equivalent units (TEUs) of containers, and 20,000 cars annually.

In 2020-21, cargo handling stood at 1.19 crore tonnes, just double the volume five years ago. Container handling by the second biggest seaport after Chattogram dropped 26 per cent year-on-year to 43,959 TEUs in the fiscal year 2021-22 from previous year's 59,476 TEUs, highest in seven years, according to the MPA.

Ananta Group gets \$14m French loan

STAR BUSINESS REPORT

Proparco, the private sector financing arm of the Agence Française de Développement Group (AFD Group), yesterday provided \$13.8 million to local Ananta Huaxiang, a subsidiary of Ananta Group in Bangladesh, to expand its sweater manufacturing facilities in Narayanganj.

This will strengthen the company's competitiveness in the international market, said a statement from the French embassy in Bangladesh.

Ananta Huaxiang ranks among the top 10 sweater producers in Bangladesh, exporting mostly to Europe for various international brands, the statement said.

The company will be better able to serve customers by producing over 10 million pieces of sweaters of a higher quality and price than before by 2023.

"It gives us immense pleasure to support (Ananta Huaxiang), a responsible actor in Bangladesh's garment industry committed to gender diversity," Diane Jegam, regional director – South Asia, Proparco, said in the statement.

Delta Brac Housing's profit jumps 28pc

STAR BUSINESS REPORT

Delta Brac Housing Finance Corp. Ltd, one of the top financial institutions in the private sector of Bangladesh focused on the real estate sector, posted a 28 per cent year-on-year increase in profit in the April-June quarter of 2022.

Its earnings per share were Tk 1.23 in the quarter, which was Tk 0.96 in the April-June quarter of 2021, according to the unaudited financial statements. The EPS was Tk 2.81 in January-June this year compared to Tk 2.55 reported during the first half last year.

Yamaha Riders Club honours woman who caught cellphone snatcher

STAR BUSINESS DESK

Yamaha Riders Club (YRC), an association of people in Bangladesh owning Yamaha motorcycles, has accorded a reception to a woman who caught a snatcher who took her mobile phone at Karwan Bazar in Dhaka recently.

A group of snatchers pounced on Parisha Akhter, a master's student of the zoology department at Jagannath University, at a traffic signal, said a press release.

Akhter stayed at the crime scene and caught one of the snatchers while he was trying to snatch another person's mobile phone the same day.

The story of the incident went viral on social media. The club assured to stand by Akhter to inspire other women faced with a similar situation, said the press release.

Private credit growth

FROM PAGE B1

when commercial banks take loans from it for a short term. An increase in the rate makes loans more costly.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the country achieved the latest credit growth thanks to vibrancy in economic activities following the business slowdown stemming from the pandemic.

But the overall credit growth in both the private and government sectors should be reduced given that inflation is soaring, he said.

Inflation in Bangladesh hit a nine-year high of 7.56 per cent in June thanks to the spiralling prices of food products in the country.

Mansur said the central bank should withdraw the interest rate of 9 per cent on loans.

If the central bank withdraws the cap, the interest rate on financing for imports will also increase, he said.

The private sector will be discouraged from taking take loans at a higher cost and reduce imports and thereby associated payments, he explained.

Between July and May of the last fiscal year of 2021-22, import payments went up by 39 per cent year-on-year to \$75.40 billion.

However, the inflow of remittance fell 15 per cent year-on-year to \$21.03 billion over the whole of the fiscal year.

The foreign exchange reserve stood at \$39.49 billion yesterday whereas it was \$46.15 billion in December last year.

Reducing the credit growth will also help bring back stability in the foreign exchange market, Mansur

said. Fahmida Khatun, executive director of the Centre for Policy Dialogue, echoed Mansur.

She said the central bank should withdraw the interest rate lending cap in order to curb inflation.

She said rising import payments should be curtailed to reduce private sector credit growth.

Abul Kashem Md Shirin, managing director of Dutch Bangla Bank, said the upward trend of import financing and SME and retail loans were mainly responsible for the increase in credit growth.

He, however, said big businesses have not taken term loans to that much of an extent to set up industrial units in recent months.

But they are taking working capital to run their existing businesses, he said.

BB goes further to monitor imports

FROM PAGE B1

Imports grew 39 per cent year-on-year to \$81.49 billion during the period, exacerbated by spiralling commodity prices and supply bottlenecks stemming from the Russia-Ukraine war.

Earlier this month, the central bank asked banks to take up the full payment in advance when opening LCs for luxury and non-essential items after its initial bid failed to cool down imports.

In May, the BB imposed a margin of up to 75 per cent on a number of imported items, including cars and other non-essentials.

FBCCI wants action against wrongdoers

FROM PAGE B1

The central bank should introduce a long-term loan facility for borrowers to reduce the amount of non-performing loans (NPLs), Jashim said.

He reasoned that many companies take up loans from banks but they can't formally start operations because of a delay caused by various official procedures.

"But the interest rate on the loans keeps accumulating, and finally the loan becomes NPL," he said.

NPLs totalled Tk 113,441 crore in March this year, just off the record high of Tk 116,288 crore hit in September 2019, central bank data showed.

Jashim urged the central bank not to withdraw the interest rate cap on loans at this moment.

A number of economists have urged the central bank to lift the ceiling to rein in the credit supply with a view to tame inflation, which surged to a nine-year high of 7.56 per cent in June.



Md Shahadat Hossain, president of the Institute of Chartered Accountants of Bangladesh, and Tarique Afzal, president and managing director of AB Bank, exchange signed documents of an agreement over Documents Verification System service at the former's corporate office in Dhaka recently.

PHOTO: AB BANK

Germany set to impose gas levy on consumers

REUTERS, Berlin

Germany is set to impose a levy on all gas consumers from October 1 aimed at helping suppliers grappling with soaring gas import prices, a draft law showed on Thursday.

The levy aims to share the additional costs for replacing gas from Russia among all gas users and prevent insolvencies among gas traders.

Households and industrial consumers with long-term contracts will be hit by the charge, which will be valid until the end of September, 2024, the document showed. Gas importers will have to bear rising costs by themselves until the levy kicks in.

German Economy Minister Robert Habeck said the levy would amount to between 1.5 euro cents and 5 euro cents per kilowatt hour (Kwh), with the proceeds available to all companies that need to replace Russian gas.

He said the measure was a difficult but important one to stabilise the energy market.

"One doesn't know exactly how much (gas) will cost in November, but the bitter news is that it's definitely a few hundred euros per household," he said.

More details about the levy will be announced in August, the document showed. Local utility association VKU welcomed the measure, adding the levy should be raised or extended if high prices persist.

A prerequisite to the government triggering the mechanism is significant disruption to gas flows into Germany. Russia's Gazprom cut flows through the Nord Stream 1 gas pipeline to just 20 per cent of capacity this week.

Germany moved to the second of three stages of its supply emergency plan last month, allowing the government to trigger a price adjustment clause so suppliers can pass price increases on to their customers, although it has yet to do so.

A general levy that would increase gas prices for everyone, regardless of their supplier, is considered more fair, however.

Make inter-bank forex market

FROM PAGE B1

This means the taka has depreciated by 11.67 per cent in the inter-bank market alone in the last one year.

But importers are now counting Tk 105-106 to purchase a dollar from banks, a gap that has rendered the inter-bank rate ineffective.

Bankers say there is a large gap between the inter-bank rate and the rate quoted by banks. So, banks are not encouraged to take part in trading through the platform.

The central bank frequently sets the inter-bank exchange rate through verbal instructions. Had the central bank refrained from intervening in the forex market, the country would have been able to manage the ongoing volatility in the foreign currency market in a better way, they say.

"The inter-bank platform should be operated based on demand and supply of the greenback," said Hussain.

He, however, admitted that it was difficult to follow a fully floating exchange rate between the dollar and

the taka. "Developed countries even manage their floating rates in various ways. But there is a question over how much you should manage the rate," he said.

Hussain hoped that the ongoing pressure in the forex market would ease in the next two-three months.

The forex market has become volatile as Bangladesh's foreign exchange reserves have fallen at a faster pace in recent months due to blistering import payments as the economy rebounds from the pandemic-induced slowdown.

The reserves stood at \$39.49 billion yesterday compared to \$46.15 billion in December.

Between July and May of the fiscal year of 2021-22, import payments went up by 39 per cent year-on-year to \$75.40 billion.

Hussain welcomed the latest central bank's circular on loan rescheduling.

"The new policy will help banks strengthen their credit discipline."

Experts, however, have lambasted the central bank initiative, saying it has relaxed the loan rescheduling rules to a largely extent.

The relaxation would allow defaulters to repay term loans over a maximum period of eight years whereas it was previously two years. Besides, they will be able to reschedule their non-performing loans four times whereas previously they could do so three times.

BSEC sets stock floor price again

FROM PAGE B1

Earlier on March 19, 2020 the stock market regulator imposed the floor price on all stocks by calculating their average prices from the preceding five days to stop the index from falling amid the pandemic.

The decision was criticised by most analysts and foreign investors so it started to lift the floor price in phases since April of 2021.

Dhaka stocks plunge to 13-month low

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange (DSE) suffered another decline yesterday, sending the market to more than a 13-month low, highlighting investors' continued worry about the volatility facing the economy owing to the global crisis.

The DSEX Index, the benchmark index of the premier bourse in Bangladesh, slipped below the 6,000-mark to close at 5,980, the lowest level since June 7 last year after it lost 57 points, or 0.95 per cent.

The DSES Index, which comprises Shariah-based firms, dropped 0.88 per cent to 1,308, and the DS30 Index, which represents the blue-chip companies, gave up 0.81 per cent to end at 2,145.

Turnover fell more than 43 per cent to Tk 441 crore from a day ago.

Only 25 companies advanced on the DSE on the day, while 333 shares fell and 22 did not see any price movement.

Turnover fell more than 43 per cent to Tk 441 crore from a day ago. Only 25 companies advanced on the DSE on the day, while 333 shares fell and 22 did not see any price movement

"The panic-driven investors went on a heavy sell-off to reduce further losses in the bearish market amid growing tension over macroeconomic cues," said International Leasing Securities Ltd in its daily market review.

Hwa Well Textiles (BD) Ltd topped the gainers' list as it rose 7.50 per cent. Sonali Life Insurance Company gained 4.19 per cent, Envoy Textiles was up 3.54 per cent, and ICB AMCL Sonali Bank Ltd 1st Mutual Fund added 2.56 per cent.

First Finance was the worst-performing stock on the day, falling 3.64 per cent, after it reported a loss for the second quarter this year.

The non-bank financial institution's earnings per share stood at Tk 2.10 in the negative in the April-June period compared to Tk 1.65 in the negative in the same quarter last year.

Global Heavy Chemicals, Samata Leather Complex, Unique Hotel & Resorts, and Linde Bangladesh all lost 2 per cent.

READ MORE ON B2

SME index falls as rules tightened

STAR BUSINESS REPORT

The index of the SME board in Dhaka Stock Exchange (DSE) dropped over 5 per cent yesterday after the Bangladesh Securities and Exchange Commission (BSEC) tightened one condition for trading shares on the board.

The BSEC decided to tighten the requirements on Wednesday following criticisms that easy access had led to the overvaluation of the market index.

Any investor registered with the stock exchanges' electronic subscription system and maintaining a minimum investment of Tk 30 lakh in listed stocks will be allowed to trade on the SME board, according to the BSEC's new decision.

Initially, the eligibility hinged on being registered and having an investment of at least Tk 50 lakh.

In February, the BSEC eased the conditions, reducing the investment requirement to Tk 20 lakh and withdrawing the necessity to get registered.

After that, the SME index soared 51 per cent, or 696 points, in the last one month.

Meanwhile, the DSEX, the key index of the DSE, dropped 1.83 per cent, or 119 points, in the last one month. The DS-30, the blue chip index representing reputed companies, plunged 2.54 per cent, or 60 points.

Against this perspective, the BSEC decided to slightly tighten investment requirements.

The index dropped 96 points or 5.28 per cent to 1,720 yesterday.

After another big Fed hike, investors see ray of hope

REUTERS, New York

Investors are gauging whether the US Federal Reserve has reached the peak of its aggressiveness in hiking rates, with some saying they're ready to up risky positions again.

The Fed delivered its second straight 75 basis point rate increase on Wednesday, but Chairman Jerome Powell suggested the central bank could slow the pace of its rate increases in coming months if there is evidence that tighter monetary policy is taming the worst US inflation in four decades.

Plenty of investors believe inflation will prove tenacious and force the Fed to maintain a hawkish posture well into next year.

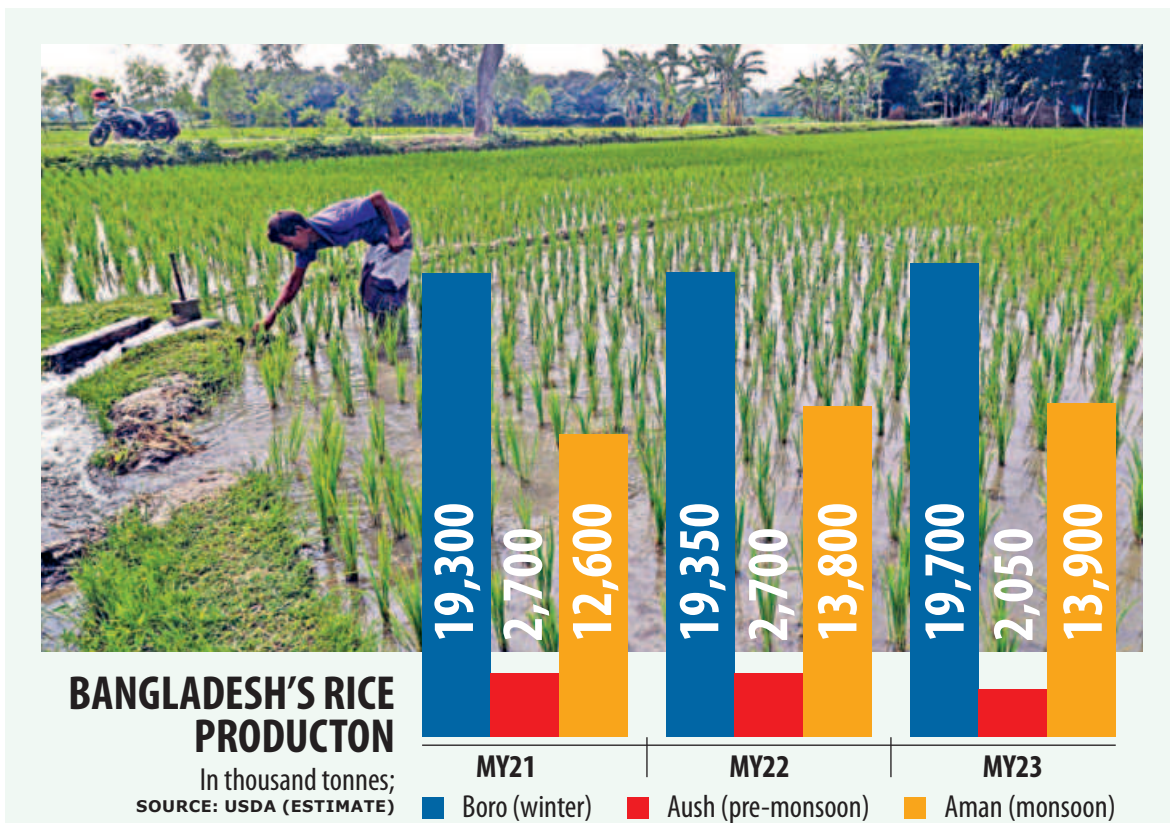
Others, however, are hoping that Wednesday's comments may imply the end of market-bruising monetary tightening is finally in sight, amid evidence parts of the economy are slowing after the Fed raised rates by a total of 225 basis points.

"The Fed comments incrementally validate that we are a little bit comfortable with risk," said Pete Duffy, chief investment officer at Penn Capital.

Fed funds futures, which reflect investor expectations of central bank policy rates, priced in a more dovish outlook shortly after Powell's comments. Chances that the Fed would deliver a 50-basis point hike in September - rather than a third 75 basis point increase - shot to 65 per cent, from just under 51 per cent on Tuesday.

Stocks extended their rally, with gains in tech and growth shares powering the Nasdaq to a 4.1 per cent

READ MORE ON B2



Rice production to decline

USDA forecasts on Bangladesh

SOHEL PARVEZ

Bangladesh may bag lower rice output this season, which begins with Boro paddy in winter, as heavy rainfall and flash floods in June have damaged the Aush crops to be harvested next month, according to a recent forecast by the US Department of Agriculture (USDA).

The agency raised its estimate regarding the Boro rice harvested in the April-May period to 1.97 crore tonnes, up 2 per cent from the previous harvest.

However, the floods in June in northern and north-eastern regions of the country will offset the gains in overall Boro rice cultivation, which provides more than half of the annual rice output.

Meanwhile, Aush rice production may dip 24 per cent year-on-year to 20.5 lakh tonnes

in the upcoming harvest, as per USDA estimates.

The agency forecasts that the area used for Aush rice cultivation may fall by 22 per cent, or 2.20 lakh hectares, to 9 lakh hectares due to the severe flooding.

In mid-June, heavy rainfall in the northern and north-eastern regions and their adjacent Indian states of Assam and Meghalaya caused severe flooding in the Sylhet and Sunamganj districts, the USDA said.

The inundation damaged more than 56,000 hectares of Aush plantations, the organization added, citing a local media report.

The USDA released its forecast at a time when farmers in many parts of the country are facing difficulty in preparing their lands to transplant Aman paddy seedlings for a lack of rainfall. The cultivation of Aman paddy,

the second biggest rice crop, is heavily reliant on monsoon rains.

Bangladesh registered 6,825 millimetres (mm) of rainfall between July 1 and July 25, down 68 per cent from the normal average of 31,347mm for that month, according to the Bangladesh Meteorological Department.

The USDA predicted that the production of Aman rice, which will be harvested in November and December, would increase by 1 per cent to 1.39 crore tonnes this year on the assumption of favourable weather conditions, sufficient seed and fertiliser supply, and continued support from the Department of Agricultural Extension (DAE).

The USDA also forecasted that overall rice yields may decline 1 per cent to 3.56 crore tonnes in marketing year 2022-23, which begins from May.

Time to lift lending interest cap

Say speakers at a discussion

STAR BUSINESS REPORT

The 9 per cent regulatory cap on interest rates should be lifted in a bid to achieve the credit growth target of the Bangladesh Bank, said a number of officials of several banks.

Their comments came at an event styled "An interactive Macro Economic discussion on Global Markets, South Asia and Bangladesh" at the Lakeshore Hotel on Wednesday. City Bank Capital, an investment bank, organised the programme.

"Our bond market is bank-driven.

Insurance, pension and provident funds should come to the market," said Ershad Hossain, managing director of City Bank Capital.

He said banks were now more interested in investing in bonds rather than lending to the manufacturing sector since the bond market yield is better.

There is a regulatory ceiling of 9 per cent on banks' lending, whereas the bond yield ranges from 6 per cent to 8 per cent or even above.

"Moreover, lending carries default risks and lenders are obliged to keep provisions against a loan. So, they will disburse fewer

loans and invest more in bonds," said Hossain.

"The time has come to lift the lending interest cap."

A number of bankers echoed Hossain on the issue.

Parul Das, chief financial officer of One Bank, said listing is the only way for investors to make an exit from perpetual bonds.

"So, the listing process should be easy and the cost should be lower."

At present, issuers have to spend Tk 1 crore or more to list a perpetual bond.

"As a result, issuers don't feel encouraged to list them," said Das.

What to expect when top boss is incompetent?

MAHTAB UDDIN AHMED

It is small wonder what happens when a politically-backed chief executive officer of a government construction company gets rewarded for his political affiliation by getting appointed as the top executive in a multinational company (MNC) of a technical and digital nature.

Coming from a completely different background, he grossly lacks the essential skills and competency required for the business, not to mention the unique culture of the organisation. To make matters worse, he replaced a veteran who earned respect with a decade of hard work, not only in his own country but also in the region and the globe as well.



As for the employees, it is like a nightmare unfolding because most of them are trained professionals with MNC backgrounds and expertise, and also habituated to working with a visionary, strategic and people-centric leader for a decade. So, it leaves one to wonder how on earth a leader who has pitiable knowledge and expertise made the head of a relatively technical multibillion dollar

business.

No matter how odd it sounds, unfortunately, it is very common in developing and emerging economies with a record of political corruption and exploitation.

Now, the question is: What do you do when you find yourself working under an incompetent boss?

Your common sense and professional training tell you to adjust with the boss's style and not the other way around. But it is easier said than done, for the magnitude of the consequences not only falls on the individual employees but is bound to impact also the business in due course of time.

If it is seen from the perspective of the newly appointed CEO, he feels comfortable focusing on the areas in which he is good at or comfortable with. The probable areas he may be comfortable with would be human resource, governance, administration, back-office operations etc. - in other words, anything but not the core of the business.

It is my strong belief that the damage caused by such authoritarian incompetent leaders can take place in a considerably short time, say a year, but the recovery may take years and beyond

It turns out that often such a leader acts authoritarian, ego-centric and positional. They create fear and use threats as a means to get their way with junior leaders. As a result, the company soon finds itself in a culture of domination, threat, fear and enslavement, a community of yes-man following a leader blindfolded.

In such a situation, the seasoned MNC employees may feel very vulnerable and at complete odds for some time before they succumb to the circumstances to survive.

Signs of bad leadership may result in: (i) No respect for the rules and cultural practices of the company, as they blatantly disregard or manipulate it to serve their own purpose; (ii) Misuse of governance and recruitment process by appointing similar incompetent leaders/blind followers in key positions and aligning them with the existing group of weak leaders/blind followers in the organisation; and (iii) The boss's ego becomes paramount, almost to the extent that anything that opposes it is kicked out of the way.

The situation can be as ludicrous as a seasoned executive being replaced on a wrong pretext by a sexual offender.

READ MORE ON B2



People sift through used clothes at a Goodwill outlet in Hackensack, New Jersey on Wednesday. Goodwill and other markets that sell pre-owned items have seen a rise in customers due to high inflation.

PHOTO: AFP

Russia fines WhatsApp, Snapchat

REUTERS, Moscow

A Russian court on Thursday fined Meta Platforms Inc's WhatsApp messenger and Snapchat owner Snap Inc for an alleged refusal to store the data of Russian users domestically, news agencies reported.

Moscow has clashed with Big Tech over content, censorship, data and local representation in disputes that have escalated since Russia sent forces into Ukraine on February 24.

Moscow's Tagansky District Court fined WhatsApp 18 million roubles (\$301,255) and Snap 1 million roubles, news agencies reported. WhatsApp was fined for the same offence last August.

Meta and Snap did not immediately respond to requests for comment.

Russia restricted access to Meta's flagship platforms Facebook and Instagram, as well as fellow

READ MORE ON B2