

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 liquified 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

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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

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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

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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

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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 rebounded 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

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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.