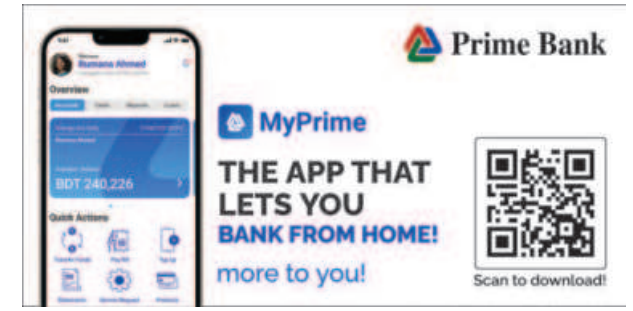


Star BUSINESS



TRADING DOLLARS Majority of banks not maintaining Tk 1 spread

AKM ZAMIR UDDIN

A majority of banks yesterday did not abide by Bangladesh Bank's instruction to maintain a spread of Tk 1 when buying and selling the US dollar.

The instruction was passed following a bilateral meeting between Bangladesh Bank and commercial banks on Sunday when the central bank cited that it was seeking to bring back stability in the banking sector.

Managing directors of two banks, however, said a majority of banks had already taken adequate measures to maintain the spread to keep the foreign exchange market stable.

The Daily Star contacted five banks to know the rates they were charging for a US dollar.

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A cement factory by the Rupsha river in Khulna. Cement production grew just 0.26 per cent year-on-year to 1.79 crore tonnes in the last 10 months till April, according to the Bangladesh Bureau of Statistics. Industry insiders see a dearth in demand because of the government's austerity measures and the private sector's cautious stance in taking new construction projects.

PHOTO: HABIBUR RAHMAN

Cement industry in a bind

Demand falls for govt austerity, cautious private sector

MD ASADUZ ZAMAN and JAGARAN CHAKMA

Cement makers are passing tough times amidst a decline in demand from public construction in tune with the government's austerity measures and sluggish private initiatives on building homes and other facilities for inflation.

The industry players said they were feeling a lot of pressure in this post-pandemic scenario, with demand evaporating at both the domestic and global markets, unseen in the past 30 years, forcing them to reduce their overall production.

"We never felt such pressure from all sides in the last 30 years in this sector," said Mohammed Alamgir Kabir, president of Bangladesh Cement Manufacturers Association (BCMA).

"In the context of the current economic downturn, infrastructure development, both public and private, has already fallen by 15 to 20 per cent," he said.

Transportation costs both by river and road have increased by 20 per cent while the rising cost of the US dollar caused their raw material import cost to soar, said Kabir, also vice-chairman of MI Cement Factory which produces Crown Cement.

"We are in double trouble. If we increase prices, sales will decline further as that will erode purchasing capacity. If we do not, we incur losses. One option is cutting down production to narrow down losses," he said.

Some of the companies have tried to adjust

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Interest cut on short-term foreign loans

STAR BUSINESS REPORT

Bangladesh Bank yesterday reduced the interest rate on short-term foreign loans availed by exporters and importers.

The interest rates on loans are on the rise in the global market, which is why the central bank has taken the decision such that local businesses can be safeguarded from high interest rates, said a Bangladesh Bank official.

As a part of the move, the BB revised the all-in-costs ceiling for short-term trade finance, the highest tenure of which is below one year, in foreign currencies.

All-in-costs comprise the entire cost of a financial transaction or business operation, including all taxes and fees such as closing costs, origination fees or commissions.

Given the global market trends, the BB decided to set the all-in-costs ceiling per annum with a markup of 3 per cent over the benchmark rate, applicable to the relevant currency, according to a BB notice.

The previous markup rate was 3.5 per cent.

As usual, banks may continue to arrange

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COMPANIES' ACCOUNTING SOFTWARE

NBR move seeking user ID, password irks businesses

SOHEL PARVEZ

A move by the National Board of Revenue asking for sharing the user identification and password of companies' accounting software has created concerns among businesses, which said such a measure would give negative signals about the business climate in Bangladesh and discourage investors.

Earlier this month, the Large Taxpayers' Unit (LTU) of Value Added Tax (VAT) directed 110 large companies to share read-only user ID and passwords of their accounting software citing that this would bring about transparency in revenue payments and save cost and time.

The unit, which collected nearly half of the total Tk 108,400 crore VAT collected in the last fiscal year, argues that it is necessary to oversee companies' VAT-related activities and audit the VAT issues of the firms through automated means, with a view to ensuring a high standard of tax compliance and accountability.

The field office of the NBR cited the scope of self-clearance of internationally traded goods by compliant companies under an

arrangement called authorised economic operator.

And automated supervision and auditing of firms are necessary to ensure similar compliance under its jurisdiction, said the LTU, asking companies to submit the read-only user

IDs and passwords within seven working days.

The deadline ended earlier this week.

The Metropolitan Chamber of Commerce and Industry (MCCI) has already requested the NBR's field office to reconsider the directive as they are 'highly confidential information' and there is a risk of leakage, which would affect businesses.

"This is not a business-friendly approach. How will they ensure that this confidential information

shareholders. "They are in the public domain. If we share the information [user ID and passwords of accounting software], there will be a risk of leakage of the information. How could we then answer to our shareholders?"

The NBR can audit firms as per laws and seek particular VAT-related information from any company if it has any doubt. "But it should not ask for the passwords indiscriminately. Such mistrust is failing to make

the tax system business-friendly. We all have to play a responsible role. Mistrust does not bring any good," said Islam.

Bangladesh is yet to attract the expected level of foreign investment and multinational companies might see the move as an abuse of power, said Islam.

In a letter to the LTU on August 11, the MCCI said the directive might send out negative messages and Bangladesh's position in the case of ease of doing business would deteriorate.

"International agencies and foreign investors who closely watch trade and commerce in the country may read the move as an immature decision. This may affect foreign investment," it said, requesting the NBR to consider an alternative.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) plans to share its reservation about the issue.

"Why do they need this?" questioned FBCCI President Md Jashim Uddin.

"Companies registered with the LTU deposit a good amount of revenue. Why are you trying to milk them?"

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FBCCI urges PM to readjust fuel prices

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has urged Prime Minister Sheikh Hasina to readjust fuel prices by withdrawing taxes on petroleum products.

The apex trade body made the call in a letter to the premier on August 14, as the prices of fuel, including diesel, kerosene, octane and petrol, have recently been raised by 47 per cent on an average.

The fuel price hikes would create further pressure for the economy, as these will increase the cost of goods' production and transportation and eventually the local businesses will lose competitiveness in the global market, the letter read.

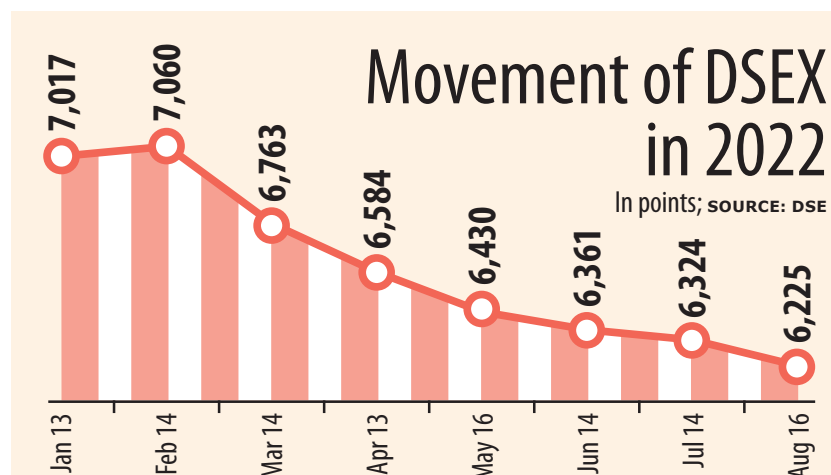
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STOCKS	
DSEX ▲	CASPI ▲
0.82%	0.78%
6,225.91	18,313.85

COMMODITIES	
Gold ▼	Oil ▲
\$1,775.04	\$89.66
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.64%	Flat	▼ 0.09%	▲ 0.05%
59,842.21	28,868.91	3,253.79	3,277.88



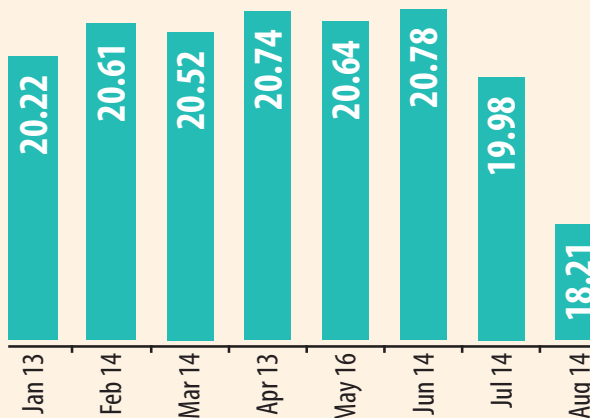
BO ACCOUNTS: REASONS OF DROP

- Bearish market
- Raising investment requirements for IPO application
- Lower number of share allotment through IPOs

Gender-wise BO accounts
Male: 13.71 lakh | Female: 4.49 lakh

Number of BO accounts in 2022

In lakh; SOURCE: CDBL



BO accounts drop amid poor IPO return

AHSAN HABIB

The number of beneficiary owner's (BO) accounts, which are needed to trade stocks, has fallen over the past seven months due to the thin profits earned from initial public offerings (IPO) and a continuous bear run in the market, analysts say.

The number of BO accounts in the country stood at 18.36 lakh on August 14, down 9.7 per cent from 20.34 lakh in early January, according to data from Central Depository Bangladesh Limited.

"The number of BO accounts dropped as IPO hunters are giving up on trading considering the low profits in the primary market," said Richard D Rozario, president of DSE Brokers Association of Bangladesh.

The profits fell as investors get a very small number of shares through IPOs but still have to keep an investment of at least Tk 50,000.

The Bangladesh Securities and Exchange Commission (BSEC) introduced a pro-rata share allocation system instead of a lottery system in 2020 so that everyone who subscribes to an IPO are given shares no matter how less.

"Many small investors do not have enough funds to maintain the required investment for their BO account and so, they are pressing the off button," he added. The BSEC had raised the minimum

investment required to participate in an IPO to Tk 50,000 in June from Tk 20,000 previously in a bid to increase trade in the secondary market and ensure primary shares for people who invest in it.

"The BSEC tightened the IPO market with a good intention of evading IPO hunters to ensure shares for all investors," Rozario said.

"The number of BO accounts dropped as IPO hunters are giving up on trading considering the low profits in the primary market," said Richard D Rozario, president of DSE Brokers Association of Bangladesh

However, many investors come to the primary market first and then invest in the secondary market and so, this process will be hampered in the coming days.

Some of the BO accounts were closed in July as investors did not pay their account fees considering the low profit in the primary market, he added.

A merchant banker said many investors are keeping away from trading stocks as they incurred losses over the years in the secondary market.

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