

HZ Outdoor to invest \$6m in Karnaphuli EPZ

STAR BUSINESS REPORT

HZ Outdoor International Co Limited is going to set up a garments and bag manufacturing factory in Karnaphuli Export Processing Zone (KEPZ) with an investment of \$6.03 million.

The fully foreign-owned China-Taiwanese company will produce annually 3.08 million pieces of jackets, bags, shirt, pants, shorts, trousers, cap or hat, skirt, vest and shocks, according to a press release.

The investment will create 2,202 employment opportunities for Bangladeshis, it said.

To this end, the company signed a deal with Bangladesh Export Processing Zones Authority (Bepza) in Dhaka yesterday.

Ali Reza Mazid, investment promotion member of the Bepza, and Roberto Haryono Go, general manager of HZ Outdoor, signed the agreement.



The Bangladesh Bank headquarters in Motijheel in the capital. The central bank said the cash flow for small, medium and large borrowers and firms has been adversely impacted because of the dragging effects of the coronavirus pandemic and the Russia-Ukraine war.

PHOTO: STAR

Govt allows 2,450 tonnes of hilsa export to India

REFAYET ULLAH MRDHA

The government yesterday approved the applications of 49 businessmen to export 2,450 tonnes of hilsa to India as the demand for this kind of fish rises among Indian consumers ahead of Durga Puja, the biggest religious festival in the neighbouring country, scheduled to be held next month.

"Selected exporters will have to complete the shipment of hilsa to India by September 30," said Tapan Kanti Ghosh, senior secretary to the commerce ministry.

Each exporter is allowed to ship 50 tonnes of hilsa from Bangladesh. Mainly local exporters apply to the commerce ministry almost every year to send the fish to India ahead of Durga Puja.

The commerce ministry then approves the applications after scrutiny, Ghosh added.

Since 2012, Bangladesh has been maintaining a ban on hilsa exports but the government allows shipments of the national fish ahead of Durga Puja every year as a friendly gesture.

Last year, the commerce ministry gave approval to 115 firms to export 4,600 tonnes of hilsa to India against applications from around 200 companies. However, only 1,100 tonnes were ultimately exported. Some 1,450 tonnes were exported to India in 2020 with 18 firms having received permission that year. In 2019, only one trader got permission and exported 500 tonnes of the fish.

Local fishers caught 5.65 lakh tonnes of hilsa in fiscal 2020-21, the highest on record, while it was 5.5 lakh tonnes a year ago, shows data from the Department of Fisheries.

Women choose Uber for safety, easy access: survey

STAR BUSINESS REPORT

Women in Bangladesh prefer Uber mainly for safety aspects and easy access, according to a report.

About 96 per cent of female respondents say safety is an important determinant while 72 per cent agree it is now easier to get home late at night, found the ride-sharing platform's 2021 Bangladesh Economic Impact Report.

Comprising research by UK-based Public First, the report was unveiled at The Westin Dhaka yesterday.

Achieving the Smart Bangladesh 2041 goal requires more brands like Uber, whose success can be somewhat attributed to Bangladesh's lack of public transport, said Salman F Rahman, the prime minister's private industry and investment adviser.

Those who come to Bangladesh for the first time always mention of a lack of taxis. There was a big gap but Uber has filled it, he said.

"This research shows for the first time the impact on drivers, riders and the economy as a whole," said Mike Orgill, senior director, public policy and government relations at APAC at Uber.

The report also stated that Uber contributed an estimated Tk 45 billion to Bangladesh's economy in 2021. This includes both the impact of earnings of driver-partners and the wider indirect and induced multiplier effect created throughout the company's wider supply chain.

NBFI loan defaulters offered relaxed rescheduling facility

STAR BUSINESS REPORT

The central bank yesterday relaxed the rules on credit rescheduling and restructuring for the borrowers who have defaulted on the repayments of loans with non-bank financial institutions (NBFIs).

In a notice, the Bangladesh Bank said the cash flow for small, medium and large borrowers and firms has been adversely impacted because of the dragging effects of the coronavirus pandemic and the Russia-Ukraine war.

In some cases, loans can't be rescheduled or restructured under existing guidelines. The new guideline has been issued to help NBFIs manage classified loans properly and make loan repayments easy for the affected borrowers, it said.

The new rescheduling or restructuring guideline for NBFIs came nearly two months after the BB offered an almost similar facility for banks.

At the time, analysts, however, warned

that the relaxation of the rescheduling policy would weaken the health of the country's banking sector, which has already been struggling to bring down its non-performing loans in recent years amidst a lack of corporate governance.

The NBFI sector is equally saddled with higher NPLs.

As of June, default loans in the NBFI sector stood at Tk 15,936 crore, which is about 23 per cent of the total outstanding loans.

Previously, there was no loan restructuring opportunity in the NBFI sector. The new circular has brought the loan restructuring under a guideline. However, rescheduling or restructuring can't be done more than four times.

Earlier, defaulters were able to regularise loans by paying 10 per cent to 30 per cent of unpaid loans as a down payment.

Now they would receive the facility by making a down payment of 4 per cent for the first rescheduling, 5 per cent for the

second rescheduling, and 6 per cent for the third and fourth rescheduling, according to the latest guideline from the BB.

Previously, there was no scope to reschedule a loan for the fourth time. The new facility has allowed borrowers to have their loans regularised for the fourth time.

The new guideline has been issued to help NBFIs manage classified loans properly and make loan repayments easy for the affected borrowers

Earlier, the repayment period for a rescheduled loan could be set at 24 months to 48 months. Now, the scope could be extended for a minimum of 60 months to a maximum of 72 months.

A six-month grace period has been introduced under the new guideline.

NBFIs would get three months to decide whether to approve a loan rescheduling

or restructuring, up from one month in the past.

If a loan has already been regularised for the third time before the issuance of the latest notice, it can be offered the facility for another time, said the BB.

Loan rescheduling or restructuring opportunities can't be extended if funds amounting to six instalments are not realised. At the same time, no funds can be transferred to the income segment of NBFIs without actual recovery of loans.

The BB has asked NBFIs to file cases against borrowers if loans remain unpaid even after giving the rescheduling or restructuring scope four times.

In the case of takeover loans, NBFIs will have to take into account the rescheduling or restructuring offered by the previous banks or NBFIs.

Loans secured through irregularities can't be restructured or rescheduled. Similarly, NBFIs can't waive interests or profits before covering the cost of funds, said the BB.

Export buoyancy

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The cotton price depreciation may cause domestic yarn prices to fall too, which retailers and brands seek to take advantage of to secure competitive prices.

Garment factories with small and medium-scale operations are the worst sufferers in case of work orders slowdowns, he said.

So international retailers and brands may place work orders of bigger volumes once the fall of cotton and yarn prices come to a halt, Hatem said.

Hatem also said the ongoing gas crisis posed a major challenge for factories as many exporters were being unable to ship goods on time.

So many local suppliers are having to accept discounted payments or bear expensive air shipments, he said.

Cotton was sold at \$1.08 per pound in international futures yesterday from \$1.15 per pound to \$1.25 per pound in June and July. So, it is expected that the prices of yarn may fall in the local markets in the near future, Hatem added.

Md Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said since September last year arrear payments were being made to local suppliers.

Now unsold stocks of apparel items are a major concern for major retailers and brands. As a result, they are taking it slow in placing work orders for the coming seasons, he added.

Apart from garment items, in the July-August period, shipment of leather and leather goods grew 28 per cent year-on-year to \$223 million and jute and jute goods 23 per cent to \$157 million, the data also said.

The shipment of home textiles also showed a phenomenal rise apparently for increased usage, becoming a major export item for Bangladesh. Last year export of this item fetched \$1 billion.

The shipment of home textile also showed a strong performance in the July-August period to reach \$268 million, registering a stunning 53 per cent year-on-year growth, the data said.

Waste cotton and fabrics export grew by 72 per cent to \$48 million.

Footwear (non-leather) export grew by 32 per cent year-on-year to \$75 million and terry towel 18 per cent to \$7.4 million.

However, the export of frozen and live fish declined by 7.2 per cent to \$81.63 million. The export of agricultural products also went down.

Merchandise exports posted a whopping 36 per cent year-on-year growth in August to bring home \$4.60 billion, handing more breathing room to Bangladesh struggling to bring its macroeconomy under control.

This was the sharpest pace of growth in the last five years, according to the EPB data.

July trade deficit far below FY22's monthly average

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have to count up to Tk 110 per USD to settle import bills, meaning the taka has fallen by at least 25 per cent against the dollar in a span of a year.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, says Bangladesh faced an abnormal trade deficit last fiscal year. "Imports have swelled since the final quarter of the last fiscal year."

He thinks that the country may benefit from the BB's initiative after one or two months.

"The squeeze in the trade deficit in July has given a positive signal," he said.

Fund transfer among MFS distributors to become easy

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Now, MFS providers would be able to roll out an inter-distributor cash management system.

Transactions on the cash management system could only be carried out during weekends and public holidays when banking services usually remain suspended. And all transactions have to be performed digitally.

One distributor would be able to carry out transactions worth a maximum of Tk 50 lakh every day through the system. This includes both securing e-money and cash funds.

The trust-cum-settlement account (TCSA) of MFS providers can't be involved in the cash management process, said the BB.

Many MFS clients usually do not spend all of their money immediately after the funds are deposited in the accounts. The unused funds are collectively significant and are deposited at TCSAs.

The cash management system will involve lifting distributors, who want to accept e-money in exchange for cash, and refund distributors, who are willing to accept cash in exchange for e-money.

All distributor-to-distributor transaction has to be carried out through the web portal or distributor application of the MFS providers.

In Bangladesh, 13 platforms currently provide the service to 17.86 crore customers, BB data showed. However, industry people said the number of active customers is far less. Overall transactions through MFS increased by 19.89 per cent year-on-year to Tk 94,293 crore in June while the growth was 23 per cent month-on-month.

There were 1.52 lakh agents in June, up from 1.38 lakh in the same month a year ago.

Indonesia proposes Asean food bank to deal with food insecurity

THE JAKARTA POST/ANN

As the world grapples with a food insecurity problem induced by rising geopolitical tension and Covid-19, Indonesia, which is expected to take over the ASEAN leadership next year, is proposing that countries within the grouping set up a kind of region-wide food bank.

Speaking at a public lecture in the Rajaratnam School of International Studies on Monday evening, Coordinating Economic Minister Airlangga Hartarto said that the regional grouping needs to have a funding mechanism that will allow the shipment of basic food staples like rice from one country to another in the event of a food scarcity problem in some parts of the region.

"How much can each country allocate stock for their ASEAN partners, for countries like Indonesia, Thailand and Vietnam? Also, we need to set up a funding mechanism to move the stock to countries that need it the most," the senior economic minister told the audience.

Airlangga also said that the same

mechanism has been proposed by Indonesia in context with the Group of Twenties (G20).

"We also use this model for the G20 meeting for food security on commodities like wheat. We need to have a multinational financing and funding that is available to source the food," Airlangga said.

In July, during a meeting of finance ministers and central bank leaders, countries in the G20 failed to reach a consensus on the global food crisis exacerbated by Russia's invasion of Ukraine, which is threatening to leave millions at risk of hunger.

"The majority of members agreed that there is an alarming increase of food and energy insecurity," Indonesia said in a statement.

Data from the World Food Programme indicates that 323 million people around the world face severe food insecurity this year, twice the number before Covid-19 and the war in Ukraine.

Following the food price crisis in 2008, ASEAN has stepped up to cooperate among member states to ensure long-term food security in

the region.

With rice being the main staple food in agricultural production, ASEAN came up with the so-called integrated food security framework and strategic plan of action on food security with the key objective of establishing an emergency rice reserve.

During his lecture Airlangga also emphasized that the geopolitical tension in the Asia-Pacific region gave fresh relevance for the principle of ASEAN neutrality.

"The tension in the East China Sea makes it more relevant for Indonesia and ASEAN to keep this free and active policy," Airlangga said.

Indonesia is expected to take over the ASEAN leadership from Cambodia next year, with the Myanmar crisis and the geopolitical tension in the region continuing to loom large.

Indonesia is expected to push for more structural changes to ASEAN, including the reexamination of fundamental ASEAN processes like the decision-making process by the consensus and changing it to a voting mechanism.

HC recasts Envoy

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"We want the person in the position who has the capability to run the company," he added.

In 1984, Kutubuddin Ahmed together with Abdus Salam Murshedy, then a famous footballer of Mohammedan Sporting Club, started his garment business, which is known as Envoy Group.

During July of 2021 to March of 2022, its sales figure hit 889 crore, logging a profit of Tk 35 crore.

In this nine months, the company's earnings per share was Tk 2.12.

One of its factories, Envoy Denim received the Leadership in Energy and Environmental Design's platinum certification – the first Bangladeshi exporter to get the recognition from US-based Green Building Council in the denim category.

The first denim facility in Bangladesh to use rope-dyed technology, Envoy has a production capacity of 4.5 million yards each month, according to its website.

Being a backward integrated facility, Envoy has its own spinning facility capable to produce 62 tonnes of yarns a day.

Germany will stick to debt brake in 2023

REUTERS, Berlin

Germany's constitutional debt brake will not be affected by a 65 billion euro (\$64.68 billion) relief package to help citizens and companies cope with rising inflation, Finance Minister Christian Lindner said on Sunday.

Lindner said planned relief measures were possible within existing budget plans for 2022 and 2023 as inflation had recently given the state high tax revenues.