

## National Life premiums payable on Nagad

STAR BUSINESS DESK

National Life Insurance Company recently signed a partnership agreement with Nagad to collection premiums through the mobile financial service provider.

Md Kazim Uddin, chief executive officer of the insurer, and Sheikh Aminur Rahman, chief business officer of Nagad, inked the deal at the former's headquarters in Dhaka, said a press release. Using the insurer's app or dialling \*167#, Nagad customers can pay all types of fees and premiums for policies.

Khasru Chowdhury, additional managing director of the insurer, Prabir Chandra Das, chief financial officer, Md Enamul Haque and Mohammad Nomanul Meheddi Khan, senior executive vice-presidents, and Mohammad Mahbub Sobhan, head of payment department of Nagad, were present.

## Germany to sign LNG deals with UAE

REUTERS, Berlin

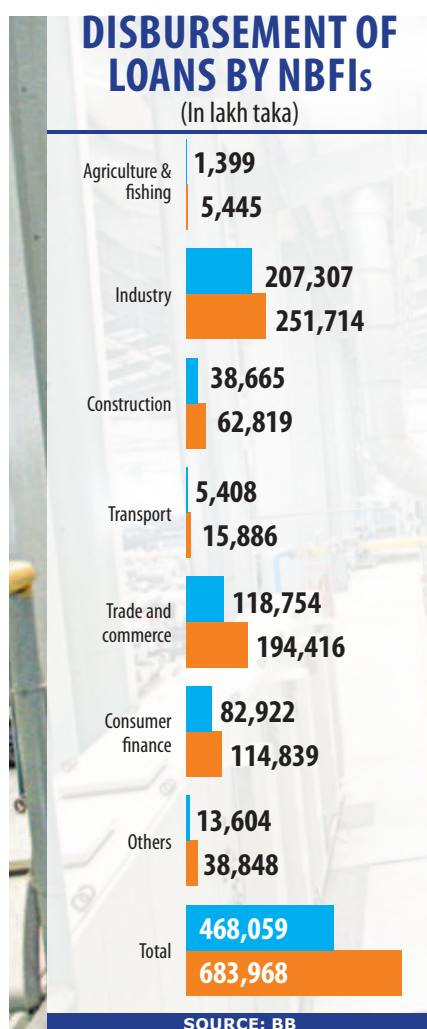
German Chancellor Olaf Scholz is expected to sign contracts for liquefied natural gas (LNG) during his visit to the United Arab Emirates on Sunday, his deputy chancellor said, as Germany looks for new partners to replace Russian energy imports.

"The gas offering is slowly broadening. The government is permanently in talks with many countries," Economy Minister Robert Habeck said, pointing to his own trip to Qatar and the UAE in March.

In May, sources told Reuters that LNG talks between Germany and Qatar were fraught with differences over key conditions, including the duration of any contract.

German is acquiring LNG terminals as part of its efforts to diversify away from Russian gas. Habeck was speaking in Lubmin in northern Germany, where the government hopes a state-leased floating storage and regasification unit (FSRU) can be operational at the end of 2023 at the earliest.

"We must show that in times like these, we can plan, authorise and build faster than is usually the case in Germany," Habeck said of the construction drive, adding that LNG projects in Wilhelmshaven and Brunsbüttel were examples of this.



# NBFI loan disbursement shoots up 46pc

STAR BUSINESS REPORT

Loan disbursement by non-bank financial institutions (NBFIs) surged 46 per cent year-on-year in the April-June quarter thanks to a recovery in demand after the reopening of the economy in the second half of last year.

Financial institutions disbursed Tk 6,839 crore in the July-April period of 2022, up from Tk 4,680 crore in the same period a year ago, according to Bangladesh Bank data released on Sunday.

Agriculture and fishing saw the highest year-on-year growth in disbursement followed by transport, trade, commerce and construction.

The industrial sector, which accounted for 37 per cent of the total loans disbursed during the quarter, registered 21 per cent growth in the three months ending in June 2022 from a year ago.

Top officials of two leading NBFIs said the growth in disbursement was high as the sector is recovering from a decline in demand due to the resurgence of Covid-19 in the April-June period last year.

"The transport sector was one of the worst hit and disbursements for this sector were low last year," said Mominul

Islam, managing director and CEO of IPDC Finance Ltd.

He said disbursements began to recover since the October-December period last year and maintained an upward trend the following quarter.

"Liquidity availability was good in the market last year. Refinance schemes from Bangladesh Bank have also played significant roles," Islam added.

### Agriculture and fishing saw the highest year-on-year growth in disbursement followed by transport, trade, commerce and construction

However, overall disbursement of loans declined marginally in the April-June period from the previous January-March quarter amid uncertainty on the fallout of the Russia-Ukraine war on the local economy.

"We have felt that hit in the last quarter," said Islam, adding that growth may be slow this quarter too.

During the April-June quarter, NBFIs also saw a decline in overall deposits excluding inter-NBFIs both on a year-on-year and quarter-to-quarter basis.

Deposits at NBFIs totalled Tk 42,086 crore in the three months leading to June 2022, down 0.44 per cent from Tk 42,272 crore the previous quarter.

Deposits at the financial institutions stood at Tk 42,603 crore in the April-June period last year, Bangladesh Bank data showed.

Mesbah Uddin Ahmed, general manager of IDLC Finance Ltd, said the cap on interest rates on lending and deposits imposed since April 2020 has affected deposit growth in the financial sector.

But there is no cap on interest rates on bank deposits, he said.

He then said the third wave of coronavirus infections in the April-June period seriously affected loan disbursements. Usually, the NBFIs as a whole disburse around Tk 8,000 crore each quarter.

"Construction activities were almost shut at the time and demand fell drastically for the recurrent lockdowns to slow the pandemic," he said. "Because of the dip in disbursement last year, we are seeing very high growth this year."

Bangladesh has 34 NBFIs operating through 281 branches mostly in urban areas. As of June 2022, their total deposits stood at Tk 42,086 crore while advances were Tk 69,080 crore, as per central bank data.

## Formulate Ctg port-centric logistics policy

### Experts urge govt

STAR BUSINESS REPORT

Bangladesh should formulate a national logistics policy, which will help build an integrated logistics system centring the Chattogram port, experts said yesterday.

There should be a masterplan capable of fulfilling the future logistics demand in Bangladesh's ports, they said.

"We do not have any masterplan for the port currently," said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh.

The masterplan should be formed following the national logistics policy so that the port does not suffer from overcapacity, he said.

Reaz made the remarks while presenting the keynote paper at a seminar on "Efficient port logistic management and trade competitiveness of Bangladesh" organised by the Dhaka Chamber of Commerce and Industry (DCCI) at its auditorium in the capital.

The chairman of Policy Exchange of Bangladesh recommended going for investment in the logistics sector through public-private partnership (PPP).

"Bangladesh is far behind in logistics performance and it is ranked 100 overall in the logistic performance index while 102nd in logistics quality and competence index."

### "If we want to develop an integrated logistics sector, we have to ensure PPP investment, especially in ports."

"If we want to develop an integrated logistics sector, we have to ensure PPP investment especially in ports," Reaz added.

He went on to say that Bangladesh has one of the highest logistics costs globally.

Modern ports can strengthen regional connectivity and global markets, inland container depots (ICDs) and industrial zones, he said.

The first terminal of Payra port will be opened for use soon and a terminal has already been set up under the PPP model for Mongla port, Md Mostafa Kamal, shipping secretary, said at the event as the chief guest. A number of foreign companies like DP World, PSA International and Red Sea Port have shown interest to work for enhancing the capacity of Bangladesh's ports, the secretary said.

Bangladesh has done a tremendous job in ports but the country is still lagging behind, said Shamim Ul Haq, country director of the DP World Bangladesh, a Dubai-based multinational logistics company.

"To compete in the global market, we need an integrated logistics platform and coordination among the multiple agencies is very important."

Kabir Ahmed, president of Bangladesh Freight Forwarders Association, said the port should not be used as a warehouse.

A strong infrastructure in Chattogram port will lower the cost of doing business in Bangladesh, cut lead time efficiently and investment will surge, said DCCI Commissioner Rizwan Rahman.

Syed Ali Jowher Rizvi, managing director of Summit Alliance Port; Md Zafar Alam, joint secretary of Chittagong Port Authority, also spoke.

## Foreign funds in stocks

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ineffective in boosting the confidence of foreign investors in the last two years, he said.

More importantly, the activation of the floor price along with depreciation of the local currency prompted them to sell off shares, the merchant banker added.

Meanwhile, the telecom regulator's move to declare Grameenphone as a Significant Market Power (SMP) operator in February 2019 played a big role in dampening the confidence of foreign investors, who own around 40 per cent of the company's shares offloaded in the capital market.

Bangladesh Telecommunication Regulatory Commission (BTRC) had declared Grameenphone, the largest listed company in Bangladesh, an SMP operator in a bid to enhance market competition.

To this effect, the telecom regulator has already taken some decisions that will squeeze the business of the country's leading mobile network provider.

Following the BTRC's decision, foreign investment in domestic stocks started declining since March.

## Customs seeks explanations

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Also, there was no fire hydrant system inside and the authority did not take any steps to ensure fire safety tools, it said.

The ICD authority also failed to meet all conditions of the Bangladesh Fire Service and Civil Defence over extinguishing fires.

The ICD authority had no primary medical treatment facilities or ambulance service and had not taken any precautionary measures as per The International Ship and Port Facilities Code, the report added.

The notice also warned of punitive measures if there was no reply within the deadline as per the customs act.

Mohammad Fajur Rahman, customs commissioner Chattogram, signed the notice, forwarding

Brokers say foreign investors not only sold their stakes in Grameenphone but also other companies as they lacked confidence in the market.

This was not the first time that the regulators' sudden moves against listed companies have hurt stocks.

In 2015, Bangladesh Energy Regulatory Commission cut the distribution charge for the Titas Gas Transmission and Distribution Company. As a result, the utility company lost more than Tk 3,000 crore in market value over a five-month period.

Besides, the market's closure for around two months and imposition of floor prices at the beginning of the coronavirus pandemic spooked foreign investors and they subsequently began to embark on massive sell-offs.

Trading was closed from March 25 to May 31 last year after the government enforced a countrywide lockdown to curb the spread of Covid-19.

On March 19, 2020, the regulator imposed the floor price to protect stocks from freefalls, much to the dismay of investors overseas.

copies to the National Board of Revenue chairman, Chattogram Port Authority chairman and joint commissioner of customs (off-dock) of Custom House Chattogram.

"We have received the copy and we will submit our answers within the time," the depot's director, Mujibur Rahman, told The Daily Star.

Earlier, the cabinet division issued letters to ministries and departments concerned asking them to take steps based on 20 recommendations of a probe committee formed by the divisional commissioner's office on July 25. That committee submitted another report on July 6.

The report found sheer negligence on behalf of the depot owners, lax monitoring and enforcement of laws by government authorities.

## Policy on cards

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will address relevant issues of e-commerce companies, he added.

Currently, member countries of the World Trade Organisation (WTO) cannot impose customs duty on cross-border electronic transmissions even though they are losing billions of US dollars every year as a result.

Member countries decided in the WTO Ministerial Conference of 1998 that customs duty will not be imposed on cross-border electronic transmissions as such transactions are considered as a trade in services.

According to the agreement made that year, levying duty on the import of digital products is prohibited. As such, Bangladesh loses more than

\$6 billion worth of business each year because of the tariff-free trade of digital products, according to different estimates.

However, after numerous meetings over several years, the General Council of the WTO came to a conclusion that cross-border transmission could also be brought under customs duty as it is a form of trade.

The member countries then reached a consensus that cross-border electronic transmissions will be brought under customs duty at the 12th WTO Ministerial Conference held in Geneva, Switzerland between June 12-17.

Earlier, the WTO had said its members will continue their current practice of not imposing customs duty on electronic transmissions.

## Indian bank asks exporters to trade

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The letter and its contents have not previously been reported.

The SBI did not immediately respond to an e-mail seeking comment.

The decision not to increase exposure to the dollar and other foreign currencies in relation to Bangladesh stemmed from the current economic situation and the neighbouring nation's shortage of foreign currency, the bank said in its circular.

"However, exposure in Indian rupee (INR) and taka will continue," it added.

Bangladesh's foreign exchange reserves declined to \$37 billion by Friday from \$48 billion a year earlier, according to data from the central bank, which provides import cover of just five months.

Finance ministry officials have said Bangladesh is seeking a \$4.5 billion loan from the IMF, in excess of its maximum entitlement of \$1 billion under the IMF Resilience and Sustainability Trust, read more

A source familiar with the matter

said SBI did not want to increase its exposure to Bangladesh.

"We have an approximate exposure of \$500 million to Bangladesh and have taken the decision not to grow it further aggressively, and maybe, even reduce it as needed, with the news surrounding the economy," added the source, who spoke on condition of anonymity.

Bangladesh is just one of India's neighbours in financial distress.

The island nation of Sri Lanka is grappling with a financial crisis as its central bank reserves stand at just \$1.7 billion at a time of galloping inflation and severe shortages of food and fuel that sparked protests and a change of government.

And Pakistan's central bank reserves of \$8.6 billion are sufficient for just about a month of imports.

TRADE IN LOCAL CURRENCY Bangladesh wants to cut dependency on the dollar, commerce minister Tipu Munshi said last week, and it does not see a problem in dealing in local currencies.

Speaking at an event in Dhaka, he was responding to a query on

"We shall intensify discussions on the moratorium and instruct the General Council to hold periodic reviews based on the reports that may be submitted by relevant WTO bodies, including on scope, definition, and impact of the moratorium on customs duties on electronic transmissions," the WTO said in its earlier declaration.

"We agree to maintain the current practice of not imposing customs duties on electronic transmissions until the 13th Ministerial Conference, which should be held by December 31, 2023. Should the conference be delayed beyond March 31 2024, the moratorium will expire on that date unless ministers or the General Council take a decision to extend," it added.

the growing focus on local currency trade, and added that the finance ministry was looking at ways to do this.

However, the Bangladesh central bank's executive director, Serajul Islam, told Reuters, "No such decision has been taken yet," in reference to trade in local currencies with India.

Last week, the Bangladesh central bank freed up banks to do transactions in Chinese yuan, so as to enable trade with China.

Last month, rating agency Standard & Poors affirmed its stable outlook rating for Bangladesh, saying it expected its external position to stabilise within a year.

However, the agency said it might lower the ratings on Bangladesh if net external debt or financing metrics worsen further as higher commodity prices and strong imports could add to weakening in the taka and drain foreign exchange reserves.

"Despite its moderate net debt position, the Bangladesh government's interest burden is considerable," the agency added.

## WB first wants

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receiving remittances of \$2 billion per month for the last two months. We have never had \$2 billion together in a month in the past."

Alam said they told the delegation that if this growth rate continued, remittance inflow would increase by about \$25 billion by June 25.

"As exports are increasing, remittances are increasing and as we have been able to reduce import costs drastically, the overall performance of our economy is now in a relaxed state," the state minister started to have told the delegation.

On the meeting's talking points, Alam said they had also informed that Bangladesh has already reduced the value of the local taka several times to keep the exchange rate stable. "Now our economic situation is stable," he added.

"Its foreign currency-denominated debt, though predominantly borrowed from multilateral and bilateral sources, is subject to exchange rate risk."

An Indian textile exporter, who asked not to be identified, said banks and importers in Bangladesh were not willing to trade in rupees, however, and preferred the taka currency instead.

Also, India has not yet clarified if exports denominated in rupees will receive the same benefits as those in dollars, he said.

"SBI's circular is very alarming, as they have said not to take exposure on Bangladesh exports," the exporter added.

"Bangladesh is a major trading partner and if a premier bank like SBI does not take exposure, how will the trade grow? It is going to go down."

India's exports to Bangladesh rose 17.5 per cent to \$4.94 billion in the period from April to July, or the first four months of the fiscal year to March 31, 2023, while imports were up about 11 per cent at \$580.7 million, government data showed.