Mercantile Bank, Pran-RFL Group sign deal

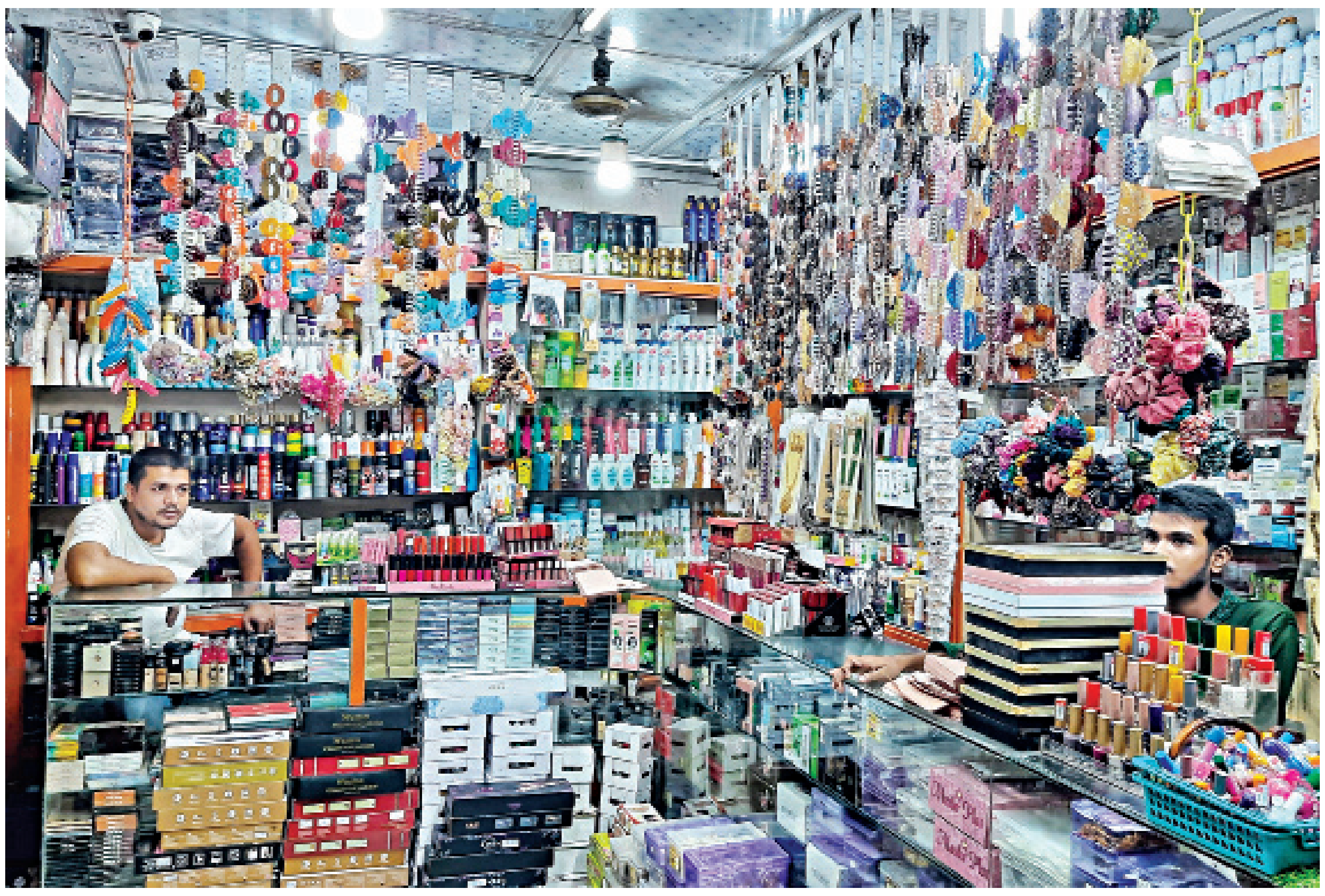
STAR BUSINESS DESK

Mercantile Bank signed an agreement with Pran-RFL Group over cash management services on Tuesday.

Md Quamrul Islam Chowdhury, managing director of the bank, and Uzma Chowdhury, director of PRAN RFL Group, inked the deal at the bank's head office in Dhaka, a press release said.

Under the agreement, the bank will collect sales proceeds or funds from different sales centre or outlet of RFL Electronics and collection point of Pran-RFL Group through online, mobile financial services "MyCash" and Agent Banking outlets.

Mati ul Hasan, additional managing director, Adil Raihan, deputy managing director, Md Mukitul Kabir, vice-president, Farzana Rahman and ATM Imtiaz Ahmad, deputy managers of corporate finance of Pran-RFL Group, were present.



An estimated $1.23 billion worth of skincare and personal care products were sold in Bangladesh in 2020 and the amount is expected to hit $2.12 billion by 2027, according to research findings.

PHOTO: HABIBUR RAHMAN

Duty evaded for most imported cosmetics

Says consumer directorate

STAR BUSINESS REPORT

Most imported cosmetics being sold in Bangladesh have not had their duty and tax paid, said AHM Shafiquzzaman, director general of the Directorate of National Consumers Right Protection, yesterday.

"Ultimately consumers are suffering. But it is possible to run a business with integrity if anyone wants to," he said, adding that the directorate was working to protect the rights of consumers.

Shafiquzzaman was addressing a meeting organised by the directorate with representatives of cosmetics importers and retailer on its premises in Dhaka centring irregularities unearthed during monitoring at several markets of Dhaka, including Gulshan and New Market.

The directorate said to have found importers not providing maximum retail prices (MRPs) on the products, rather it was the retailers who fixed MRPs. In some cases, MRPs provided by importers are replaced with higher prices of retailers, it said.

Fake cosmetics were found being sold with the claim that those had been imported, it added. Use of fake cosmetics can cause skin damage and lead to complex diseases like cancer, said the directorate.

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The directorate said to have fined 10 shops Tk 8 lakh in the last couple of days.

Some cosmetics retailers at the event denied the allegations.

Al Ameen, supervisor of Mustafa Mart, said, "In our shop, the product has a price tag, importer information and expiry date along with manufacturing date. We sell the product at the price that the importer sets."

Mohsin Howlader, the owner of Dhali Super Store in Gulshan, gave similar comments.

Azmol Hossain, general secretary of the Bangladesh Cosmetics and Toiletries Importers Association, said some unscrupulous traders were illegally importing cosmetics from different countries in connivance with a section of customs officials.

"As a result, genuine traders are facing various challenges in running their business," he said.

Research organisations LightCastle Partners and Allied Market Research said an estimated $1.23 billion-worth skincare and personal care products were sold in Bangladesh in 2020 and the amount is expected to hit $2.12 billion by 2027.

Businesspeople said the market is dominated by some major players, notably Unilever Bangladesh, Kohinoor Chemical Company (Bangladesh), Square Toiletries, Keya Cosmetics, Moushumi Industries, Marico Bangladesh, Reckitt Benckiser (Bangladesh), Dabur, and Lily Cosmetics of Delta Group.

These companies together hold more than 95 per cent of the market share for local products, they added.

Bangladesh imports cosmetics worth around Tk 10,000 crore every year, according to the cosmetics importers' association.

BSEC approves MTB's Tk 500cr bond

STAR BUSINESS REPORT

Mutual Trust Bank (MTB) has got the nod to issue a fully redeemable, non-convertible, unsecured floating rate subordinated bond worth Tk 500 crore.

The Bangladesh Securities and Exchange Commission (BSEC) gave the go-ahead at a commission meeting at its office yesterday. The meeting was presided over by Professor Shibli Rubayat Ul Islam, chairman of the BSEC.

The bond will be issued among financial institutions, insurance companies, corporates, and eligible investors through private placement.

With the bond proceeds, the lender will strengthen its tier-II capital base, increase its loan portfolio to corporates, and invest in treasury securities. Each unit of the bond is priced at Tk 1 crore.

UCB Investments is the trustee and RSA Advisory is the mandated lead arranger of the bond while MTB Capital will work as co-arranger.

The BSEC gave the condition that the bond must be enlisted in the alternative trading board of the stock exchange.

Development spending surges in September

REJAUL KARIM BYRON *and* MD ASADUZ ZAMAN

Development spending in Bangladesh rose 36 per cent year-on-year in September despite the government's efforts to cut expenditures in a bid to save US dollars.

Last month, the ministries and divisions spent Tk 14,304 crore, which was Tk 10,505 crore in the same month a year ago, according to the Implementation Monitoring and Evaluation Division (IMED) under the planning ministry.

Development expenditures also went up in the first quarter of the current fiscal year: it stood at Tk 24,148 crore, an increase of 23 per cent from the last fiscal year, year-on-year.

The quarter's outlay was 9.43 per cent of the Tk 256,003 crore the government has allocated for 2022-23, the highest since 2018-19, IMED data showed.

Talking to The Daily Star yesterday, IMED Secretary Abu Hena Morshed Zaman said, "Although uncertainty rose in the country as well as globally, the higher ADP implementation rate in the first quarterly assessment indicates that there was no such effect in the development activities."

"It means that despite confronting challenges, our development projects are going on. And it is a good sign for us."

In recent months, Bangladesh has come under serious challenges owing to the surge in commodity prices, driven by the pent-up demand, supply bottlenecks, and the Russia-Ukraine war, which have sent import bills to record highs.

This has, in turn, brought about the depletion of the foreign currency reserves and the steep depreciation of the local currency against the US dollar. As a result, the government has been compelled to initiate various measures aimed at cutting costs.

As part of the austerity measures, the development projects have been categorised as A, B and C based on their merit.

A-category projects will continue as usual while up to 75 per cent of the allocations made against the B-category projects can be used.

All C-category projects have been put on hold, but the ministries and divisions can re-direct their share to the A-category ones.

Although the government has categorised the projects on the basis of their priority, the higher implementation rate refers that it has placed adequate emphasis on the ongoing projects, said Zaman.

"The execution of the mega projects is going on smoothly and it may contribute to the overall good performance."

In the July-September quarter, Tk 14,618 crore of government funds were spent, which was 9.81 per cent of the Tk 92,020 crore set aside for the entire fiscal year.

The use of foreign aid stood at Tk 8,807 crore from July to September, representing 9.57 per cent of the Tk 92,020 crore set aside for the entire fiscal year.

Fifteen ministries and divisions have received 82.67 per cent of the total ADP allocation in FY23.

Of them, the power division sat at the top when it comes to implementation, spending Tk 3,776 crore in the first quarter, or 13.75 per cent of the allocation.

The bridges division came second, with an outlay of Tk 1,115 crore, or 12.51 per cent of the fund it has received.

The science and technology ministry expended Tk 1,906 crore to become the third-highest performer.

The foreign ministry and the youth and sports ministry failed to spend any penny in the first quarter.

Other lowest performers were the shipping, civil aviation and tourism, and primary and mass education ministries, which managed to use only 3.22, 3.49 and 3.95 per cent of their respective allocation.

Jewellery sales drop

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"Due to fluctuations our sales have declined 25 per cent to 30 per cent this year," he said.

Any kind of global crisis, be it war or a pandemic, affect prices, said Dilip Kumar Agarwala, general secretary of Bajus and managing director of Diamond World.

"Whenever people lose confidence in the dollar, they turn to gold," he said.

"During the previous wars like that in Iran, Iraq, Libya and even the economic crisis of China and America, the price of gold has increased in the international market," he said.

There is no reliable information about the demand for gold in Bangladesh.

It is understood that the demand for gold is created in two ways -- for making jewellery and for being kept as a mode of savings or investment.

A government gold policy puts the demand at 20 tonnes to 40 tonnes.

According to commerce ministry documents, almost 80 per cent of the demand is met through smuggling and the rest by recycled gold.

Bajus said gold worth Tk 73,000 crore was smuggled in every year.

Customs statistics show that travellers brought in around five tonnes of gold on their person legally through the airports in Dhaka and Chattogram every month.

Another four tonnes are brought in under baggage rules.

Mobile subscriber base

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According to the results of a nationwide "drive-test" published in March, Grameenphone's average call drop rate in December last year was at 0.29 per cent in Dhaka division, with exceptions in city corporation areas.

According to the BTRC's data, its call drop rate was lower than that of the other operators in May this year.

The overall growth in the number of subscribers slowed down in the industry due to the demand and supply shortage of GP SIM in the market due to an embargo on recent SIM sales, reasoned Khairul Basher, head of communications at Grameenphone.

"We believe the industry will be back to growth momentum once the ban is fully lifted," he said. In another development, the telecom regulator in mid-September allowed Grameenphone to sell unused pre-approved old numbers that were not in operation for over 450 days.

BSEC finds manipulation

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buying the shares while some were selling them to lift the price, the stock market regulator said.

During the September-October period, Uddin and his associates bought 32 lakh shares of Provati Insurance and sold 33 lakh shares.

The BSEC found the manipulation through an investigation that was run by the regulator in order to find reasons behind the abnormal price hike of the company's shares.

During the buying trend, Uddin and his associates collectively acquired more than 10 per cent of the company's shares without any declaration, which is also a breach of securities rules, the BSEC added.

As a result, the stock market regulator fined Uddin and his associates Tk 50 lakh. Apart from this, it also fined Ullah and Mahmud Tk 15 lakh and Tk 10 lakh respectively for their involvement.

Earlier, the BSEC found manipulation in stocks of NRB Commercial Bank, Fortune Shoes, Dhaka Insurance, Asia Insurance and Green Delta Insurance.

Bangladesh gets up to 83pc lower price than rivals

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down from the global average of $8.41. Vietnam received $11.55 by selling a similar item.

Only two products -- women's cotton trousers and men's cotton T-shirts -- manufactured in Bangladesh brought home a price that was slightly higher than the global average.

Made-in-Bangladesh women's cotton trousers were sold at $6.43 per piece, up 23.30 per cent from the world average of $5.22.

Turkey took home the highest at $15.84, a staggering 203.60 per cent higher than the global average.

Men's cotton T-shirts fetched $1.47 per piece for Bangladesh, which was 23.10 per cent higher than the global average of $1. Peru netted $8.46, the highest among the suppliers around the world.

Woven cotton jackets brought $10.10 per piece, which was 0.70 per cent below the global average. Thailand received $48.86 and Mexico got $34.11, the ITC study said.

A bra made in Bangladesh from man-made fibre was sold at $3.19 per unit, which is 18 per cent below the international average. Vietnam got $6.06.

According to the study report, garment manufacturing has evolved from a simple manufacturing operation into a complex service industry.

The actual cut and sewing operations are the simplest and least remunerated tasks.

First-generation garment producers in Asian cities such as Hong Kong, Singapore and Seoul have transformed from simple product makers to multinationals and they operate globally and invest in engineering, advanced information technology and cutting-edge technology.

Yet most small and medium-sized garment manufacturers in developing countries, and especially least-developed countries, have not adapted to this changing industry and they remain focused on simple cut and sewing operations, provide few services and produce commodity-type garments.

"They may not know how to develop their services and doubt their customers would pay for them," said the ITC.

The multilateral agency urged the companies to expand their services to stay in business.

"All-inclusive costing is an essential step for this expansion. Accurate costing and valuing is the first step to moving up the value chain. Without that, the all-important business case cannot be made."

"It is true that the prices of garment items made in Bangladesh are a bit lower compared to those in other countries and the average world price because local manufacturers are still strong in basic garment items," said a major European retailer in Dhaka.

For instance, Bangladesh's 80 per cent of garment items are still confined to five cotton-made items and it has the problem of over-capacity.

"So, a hidden unhealthy competition has also kept the prices of the items lower," he said.

The retailer noted that there is excess capacity in the denim segment, so the price is falling.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, partly blamed the major share of the basic products in the export basket for the lower prices paid to Bangladesh.

Other obstacles, listed by the entrepreneur, include poor infrastructure and longer lead time.

"Bangladesh has improved a lot in quality, product diversity and compliances in recent years," he said, however.

Bangladesh's RMG export to US rises 53.54pc

STAR BUSINESS REPORT

Bangladesh's garment shipment to the country's single largest export destination, the USA, rose 53.54 per cent year-on-year to $6.64 billion in the January-August period of the current year, according to data from the USA's Office of Textiles and Apparel (OTEXA).

Bangladesh remained the third largest apparel import source for the USA, the report said.

In the January-August period, the United States of America imported $69.27 billion worth of apparels from the world, registering 37.35 per cent rise year-on-year, the data also said.

In the first eight months of 2022, USA's imports from China grew by 37.17 per cent to hit $15.56 billion.

At the same time, imports from Vietnam stood at $12.80 billion, posting a 33.62 per cent year-on-year growth, the OTEXA data also said.

Among the top 10 apparel suppliers to the USA, imports from India, Indonesia, Cambodia, South Korea and Pakistan increased by 56.9 per cent, 56.48 per cent, 51.64 per cent, 42.96 per cent and 42.16 per cent year-on-year respectively.

Euro zone industry output soars in August

REUTERS, *Brussels*

Euro zone industrial production soared in August far beyond expectations as manufacturers boosted investment despite fears of an upcoming recession, official estimates showed on Wednesday.

The European Union's statistics office Eurostat said industrial production in the 19 countries sharing the euro increased 1.5 per cent month-on-month in August for a 2.5 per cent year-on-year rise.

Economists polled by Reuters had expected much more modest increases of 0.6 per cent on the month and 1.2 per cent year-on-year, after production fell in July.

The better-than-expected data failed however to dispel fears of a recession.

"All the evidence suggests that euro zone industry is heading for a significant contraction in the coming months," said Andrew Kenningham, chief Europe economist at Capital Economics, a London-based research outfit.

He underlined that the rise in August did not fully reverse the 2.3 per cent monthly fall recorded in July. The positive reading was driven by output of capital goods, such as machinery, which rose 2.8 per cent compared with July, in a sign of optimism pointing to new appetite for investment.

Manufacturers also produced more consumer goods, while they cut their energy output, data showed.

Among the bloc's largest economies, France's industrial production rose 2.5 per cent on the month, Italy's was up by 2.3 per cent, whereas output declined in Germany by 0.5 per cent.