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Star BUSINESS

Digital means can halve remittance sending costs

Finds Sanem study

STAR BUSINESS REPORT

Bangladeshi expatriates would be immensely benefitted if they send remittance through digital platforms as it cuts that cost of sending money from overseas by roughly half, according to a recent study.

The global average transaction cost of sending funds from one mobile wallet to another in different countries stood at 3.5 per cent in the third quarter of 2020 compared to 6.75 per cent for other channels.

This is because cash out costs are not included in the charges for remittance sent through digital platforms, said Bazlul Haque Khondker, chairman of the South Asian Network for Economic Modeling (Sanem).

He made these comments while presenting a research paper by his organisation during a roundtable on "Remittance Through Legal Channel: Prospects of Digital Platform" at the Economic Reporters' Forum (ERF) office in Dhaka yesterday.

Bangladesh's foreign currency reserve is losing about $1.5 billion each month due to surging imports

Besides, it is cheaper to send money digitally even when the receiver wants to withdraw cash as the sender does not need an agent to make transfers, Khondker added.

He then said that digital transfers are quicker, safer and more convenient as neither the sender or receiver need to leave home for making transactions.

"So, digital financial services (DFS) can boost remittance in the financial sector, especially during crises," he added.

Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh, said there is a need to increase the flow of remittance to bolster the country's foreign currency reserves as it is losing about $1.5 billion each month due to surging imports.

Mansur went on to say that Bangladesh should aim to increase the service

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IMPACT OF MANIPULATION

- Creating bad image for the market
- Honest investors are being discouraged
- Well-performing firms may be reluctant to get listed
- Market does not behave smartly

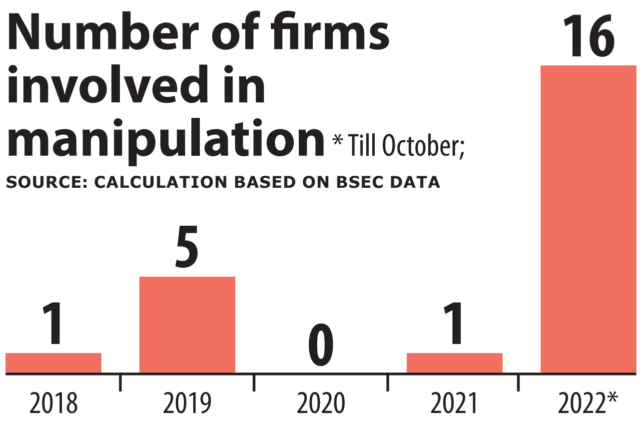
REASONS

- Mild punishment
- Lack of accountability

Firms, persons gained Tk 253cr thru manipulation this year but were fined only Tk 21 cr

RECOMMENDATIONS

- Exemplary punishment needed
- Criminal case can be filed



STOCKS MANIPULATION

Increasing number of institutional investors getting involved

AHSAN HABIB

The involvement of listed and non-listed companies in the manipulation of stocks is growing, an ominous sign for a market already facing a confidence crisis.

In the 10 months to October this year, the Bangladesh Securities and Exchange Commission (BSEC) found that 16 firms were involved in stock price manipulation. In contrast, the number was seven in the previous four years thanks to the regulator's enhanced surveillance to punish non-compliers.

Manipulation is an intentional effort to deceive investors by artificially affecting the supply or demand for a stock and driving its price up or down. Those who orchestrate the artificial price movements then gain from them at the expense of other investors.

But institutional investors getting involved in such irregularities are not common since they usually invest in the stock market based on research and analysis.

While many are doing so here in Bangladesh, a section of institutional investors is getting involved in the hiking of share prices to make quick bucks, according to a probe of the BSEC.

Take the case of Fortune Shoes.

The BSEC found that a series of transactions were executed to push up the price of Fortune Shoes. NRB Commercial Bank, Sonali Paper & Board Mills, Prosoil Foundation Consultant, Techbay International, and Uttara Bank Securities were involved.

A series of transactions, also known as serial trading, is the selling and buying of shares from the same beneficiary owners' accounts or related accounts in a bid to inflate a stock price or drive it down. It is banned as per securities rules.

Fortune Shoes share rose 61 per cent within 18 trading days since March 29, the period the BSEC took into account for the probe.

The manipulators gained more than Tk 30 crore from their illegal trading although the BSEC fined them only Tk 1.5 crore.

In 2022, the BSEC unearthed manipulation involving many stocks where the wrongdoers gained Tk 253 crore but were only fined Tk 21 crore.

According to the regulator, CandleStone Investments Partner, Genex Infosys, DIT Cooperative, Monarch Holdings, SKS Foundation, Lava Electrodes, SBL Capital Management, Paramount Insurance, NBL Securities, and Southeast Bank Capital were involved in manipulating of some stocks.

"Some companies are getting involved in the stock manipulation and this is not a good sign at all," said Richard D' Rozario, president of the DSE Brokers Association of Bangladesh.

"Actually, some institutional and individual investors are looking for the stocks that are being manipulated amid the weak performance of sound companies for a long time. But it is not expected that firms would rush towards manipulation-based stocks."

He pointed out that some institutional investors are heavily involved in stock business. Some are even making more money from the market than their core business is bringing.

"Sometimes, a series of transactions may happen due to a knowledge gap among investors," said Md Sayadur Rahman, president of the Bangladesh Merchant Bankers Association.

"Whatever it is, manipulation is always bad for the market. The good thing is the BSEC is now detecting it."

In 2021, the BSEC fined Uniroyal Securities, a brokerage firm, Tk 2 crore for its involvement in manipulation. No institutional

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Unsold yarn piles up for falling garment exports

REFAYET ULLAH MIRDHA

The unsold yarn at the spinning mills of Bangladesh is piling up abnormally because of a fall in work orders by 30 per cent for apparel items from international clothing retailers and brands.

The amount of inventory of yarn has already crossed five lakh tonnes in the last two months, according to the Bangladesh Textile Mills Association (BTMA).

Razeeb Haider, managing director of Outpace Spinning Mills, said the volume of unsold yarn with his mills has increased to 1,600 tonnes as of last week.

"The stock began to go up two months ago as demand for garments fell."

Before the latest slowdown kicked in, Haider's mills would have a stock of yarn of 500 tonnes to 600 tonnes, which the entrepreneur considers normal.

The piling up of unsold yarn is widening owing to the fall in orders for apparel items from international buyers, said Md Masud Rana, managing director of Asia Composite Mills, which consumes 40,000 tonnes of cotton a year.

The amount of inventory of yarn has already crossed five lakh tonnes in the last two months, according to the Bangladesh Textile Mills Association

Mahin Group is also feeling the pinch of slowing exports.

"The stockpiling of yarn is taking place, not for the price factor but for the demand factor as buyers are delaying placing orders for the higher inflationary pressure in European countries," said Abdullah Al Mahmud Mahin, chairman and managing director of Mahin Group.

The consumption of yarn by the export-oriented garment factories dropped to nearly five million kilogrammes a day from 12 million kgs earlier.

Similarly, the production of yarn in the mills that cater to the domestic market has also gone down significantly amid a sharp decline in demand among consumers struggling for record prices.

Spinners in Bangladesh are facing a double whammy in the yarn business.

On the one hand, they are running their production units at 50 per cent capacity because of a severe gas and power crisis. On the other hand, the volume of unsold yarn has grown.

The inventory would have grown further if

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STOCKS

DSEX ▼	CASPI ▼
0.53% 6,350.13	0.82% 18,743.89

COMMODITIES

Gold ▼	Oil ▼
$1,709.47 (per ounce)	$88.55 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.25% 61,033.55	▼ 0.56% 27,716.43	▲ 0.63% 3,165.50	▼ 0.53% 3,048.17

SUGAR PRICES HIT RECORD HIGH

Traders blame supply constraints

MOHAMMAD SUMAN *and* SUKANTA HALDER

WHAT'S HAPPENING IN THE MARKET…

- Sugar prices rose by Tk 10-15 per kg in one week
- Many shops in Dhaka and Chattogram had no sugar yesterday
- A supply crunch has been caused by gas crisis
- Refiners demand cuts in duty on import from 30pc to 10pc
- Country's annual demand for sugar is 25 lakh tonnes
- Domestic production 1 lakh tonnes
- 90-95pc of imported sugar is unrefined
- About 18 lakh tonnes of unrefined sugar imported so far this year

Sugar prices have started rising afresh to hit a record high of as much as Tk 125 per kilogramme at retail in the two main cities of Bangladesh, namely Dhaka and Chattogram, further straining the wallets of consumers as inflation continues to bite.

Market prices data compiled by the state-owned Trading Corporation of Bangladesh (TCB) showed sugar prices edged-up in Dhaka's markets yesterday as the sweetener became scarce in many stores for a dip in supply from refiners.

These correspondents visited 25 retail stores in Dhaka and Chattogram and found no sugar in 10 shops.

And supply of the sweetener, especially packaged, was lower than the regular requirements of stores, retailers said.

As such, prices of loose sugar shot up by Tk 10 to Tk 15 per kilogramme (kg) in these two cities over the past week.

TCB data showed that prices of sugar have risen 22 per cent to Tk 110-Tk 115 per kg from Tk 90-Tk 95 a month ago.

The present prices of sugar were 45 per cent higher year-on-year.

Prices of the sweetening agent have been increasing over the last three weeks as sugar refining was severely affected by the squeeze in gas supply.

Refiners said refining slumped by up to 50 per cent. At the same time, they are also facing problems in opening letters of credit to import unrefined sugar due to the banks' lack of cooperation on account of the dollar shortage.

Retailers and wholesalers in several areas of Dhaka and Chattogram said the supply of loose sugar is declining.

"For the last one week, we have not been getting sugar from dealers as per the demand. So, prices have gone up," said Anamul Haque, owner of Ahmed Store in the Hamzarbag area of Chattogram city.

"For the last two days, I have had no sugar to sell," he added.

Abu Zafar, a retailer in the Pallabi Extension area of Mirpur, said they are selling loose sugar at Tk 120 per kg and packaged sugar at Tk 125 per kg.

Dealers have been delivering only 20 per cent of the sugar we need to serve our customers for the last two weeks, he added.

Monwar Hossain, owner of Yasin General Store in Dhaka's Karwan Bazar, one of the biggest kitchen markets in the country, said they have not been getting sugar from dealers as per the demand.

Traders of the Khatunganj-Chaktai wholesale market in Chattogram said sugar prices have gone up by Tk 300-Tk 350 per maund (roughly 37 kgs) in a one-week span.

Traders at the market said the sweetener was sold at Tk 4,000 to Tk 4,100 per maund, up from Tk 3,700 to Tk 3,750 for the same amount a week ago.

SM Mujibur Rahman, head of accounts of Meghna Group of Industries, said they face complexities in opening letters of credit to import raw sugar owing to the dollar crisis.

Besides, they can refine just half of their capacity due to reduction in gas supply to factories, he added.

However, a report by the Directorate of National Consumer Rights Protection said the country had a stock of more than 375,000 tonnes of sugar as of October 23 this year, and there was no shortage of raw sugar.