

# Star BUSINESS



## Lanka gets 6 more months to repay BB's \$200m

AKM ZAMIR UDDIN

Bangladesh Bank yesterday granted Sri Lanka's request to be given six more months to repay a \$200 million loan due to the prolonging of its economic crisis.

A senior official of the central bank, on condition of anonymity, said its board of directors had granted the extension.

The island nation, which has been facing an acute shortage of greenbacks for months, borrowed the money in May 2021.

The country was scheduled to repay the loans by April last year but failed to do so.

In April last year, Sri Lanka announced defaulting on its entire \$51 billion of external debt.

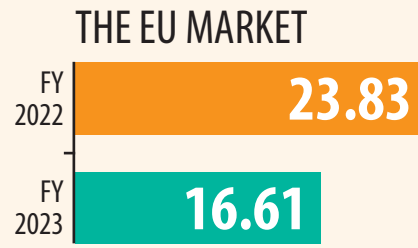
As per a subsequent agreement, Sri Lanka was supposed to repay the \$200 million by March this year.

Continuing to face an acute shortage of foreign

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## GARMENT EXPORT GROWTH

In %; Period: Jul-Dec; SOURCE: EPB



## TRADITIONAL MARKETS

(Earnings in Jul-Dec)

USA: \$4.27b Growth: 1.11%	EU: \$11.5b Growth: 16.61%	Germany: \$3.45b Growth: 3.54%	Spain: \$1.70b Growth: 17.62%
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France: \$1.41b Growth: 33.08%	UK: \$2.39b Growth: 11.89%	Canada: \$774.16m Growth: 28.42%
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## NON-TRADITIONAL MARKETS

Total export: \$4.04b Growth: 32.19%	Japan: \$754.72m Growth: 42.54%	India: \$548.89m Growth: 50%
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# RMG export growth slows in US, EU for global uncertainty

REFAYET ULLAH MIRDAHA

The growth of garment shipment to the US and the European Union declined in July-December as consumers in the two largest export destinations of Bangladesh have remained concerned about the persisting economic uncertainty for the raging Russia-Ukraine war.

The earnings from the garment export to the US, Bangladesh's single largest market, was \$4.27 billion in the first six months of the current financial year, registering a growth of 1.11 per cent year on year, according to data from the Export Promotion Bureau (EPB).

The receipts were \$4.23 billion but the growth was 45.91 per cent during the same half a year earlier.

In July-December, the earnings from the EU market were \$11.50 billion, clocking a 16.61 per cent growth. The receipts don't include the \$2.39 billion Bangladesh received from the UK as the latter left the bloc.

The takings stood at \$12 billion

during the identical half a year ago and the shipment growth was 23.83 per cent. The receipts, however, included the \$2.14 billion that came from the UK.

This means the export earnings from the apparel shipment rose slightly despite the

bold decision of reopening the economy despite the threat of the deadly virus.

But the same pace could not be maintained in 2022 after the war hit the global supply chain hard in February last year.

"The garment export may

up more than 80 per cent of Bangladesh's apparel shipment.

Euro area annual inflation was expected to be 9.2 per cent in December 2022, down from 10.1 per cent in November, according to an initial estimate from Eurostat, the statistical office of the EU.

In Europe, most people are concerned about rising prices, followed by the invasion of Ukraine, extreme weather events, unemployment, and political uncertainty as important concerns.

Consumer pessimism has inched higher, with 43 per cent expressing doubt about economic recovery—up from 36 per cent in June, according to a report of McKinsey & Company.

In the US, the consumer price index, however, declined for a sixth consecutive month, registering an annual increase of 6.5 per cent.

Still, US consumer confidence fell in November as inflation and economic uncertainty continued to loom large and potentially

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## Nagad Finance inches closer to running MFS operation

AKM ZAMIR UDDIN

The Bangladesh Bank yesterday decided in principle to allow Nagad Finance PLC, a proposed non-bank financial institution (NBF), to run mobile financial services.

Md Mezbauul Haque, the spokesperson of the central bank, told The Daily Star that the board of directors of the BB decided in principle that the proposed NBF could run mobile financial services (MFS) after getting the licence.

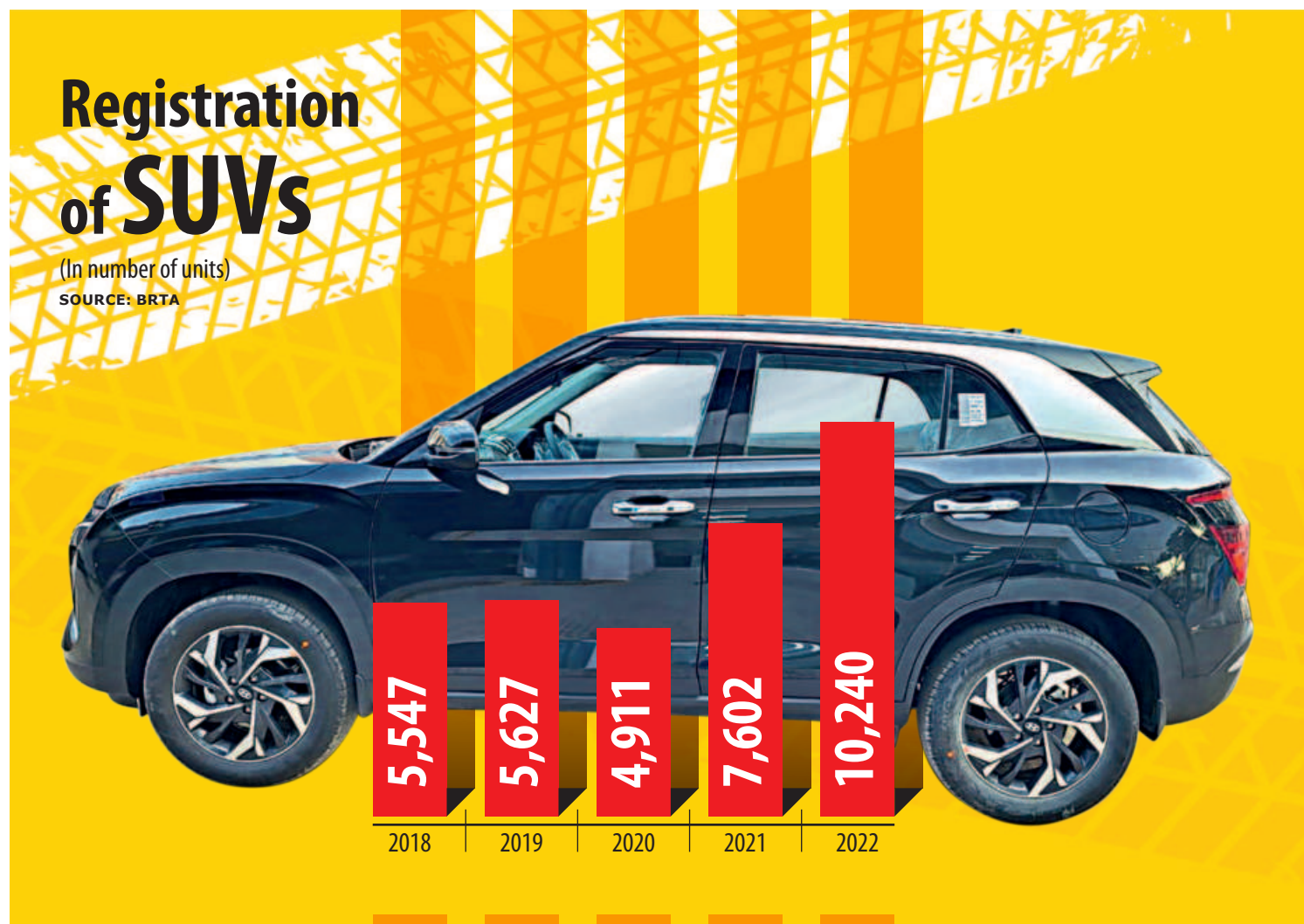
The board came up with the decision at its meeting at the BB headquarters in the capital.

Asked whether the Financial Institutions Act 1993 allowed an NBF to operate MFS, the spokesperson said that the Act did not mention anything to this end.

"Although the central bank has taken the decision, the government will take the final decision to this end," Haque said.

The proposed NBF earlier sought permission from the central bank to roll out some financial products and services, including MFS.

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## Local auto assembly gains steam

### Assembling of Hyundai cars to begin Jan 19

JAGARAN CHAKMA

Bangladesh is set to soon witness local assembling of cars of a third international brand.

An assembly plant for motor vehicles of South Korean carmaker Hyundai is expected to go into operation through its local distributor, Fair Technology, on January 19.

The plant is situated at Bangabandhu Hi-Tech Park in Kaliakoir of Gazipur, some 25 kilometres north of Dhaka.

For the past couple of years automobiles of Japanese brand Mitsubishi Outlander and Mitsubishi Pajero were already being assembled by Rang, a concern of Rang Group, and state-run Pragoti Industries while Malaysian Proton by Chattogram-based PHP Family.

The arrival of the third brand is coming at a time when auto sales are expanding in Bangladesh driven by demand from a rising middle class.

Roughly, 22,000 reconditioned cars are imported each year.

In 2022, 10,240 sport utility vehicles (SUVs) were registered with Bangladesh Road Transport Authority (BRTA) whereas

in the previous year it was 7,602.

According to the BRTA data, registration of SUVs has been rising over the past decade thanks to a growing affluent class alongside development of road conditions.



Sales of SUVs and luxury cars grew at an annual average of 40 per cent in Bangladesh in the past decade as more people, armed with rising income, are buying automobiles in higher numbers.

Though the domestic market for brand new cars is slowly expanding, local assembly is beneficial in terms of the price reduction it enables thanks to lower tariffs on completely knocked down (CKD) kits.

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## Inflation, debt crisis major risks

### World Economic Forum says about Bangladesh

STAR BUSINESS REPORT

Bangladesh's economy faces five major risks in the next two years, the top three being sustained inflation, debt crises and severe commodity price shocks, according to a report released by World Economic Forum (WEF).

Human-made environmental damage and geopolitical contestation of resources are the remaining two, said The Global Risks Report 2023.

The report presents results of a Global Risks Perception Survey (GRPS) based on the latest insights of over 1,200 experts across academia, business, government, the international community and civil society.

Responses for the GRPS 2022-2023 were collected from September 7 to October 5 of 2022, said the report.

The survey participants were asked to select five risks from a list of 35 which they thought would most likely pose the biggest threat to their countries in the next two years.

In Bangladesh, the Centre for Policy Dialogue was the WEF's partner for the survey.

Rapid or sustained inflation was selected as the most frequently selected risk here, according to the report.

Inflation has been hovering at around 9 per cent over the past couple of months.

Consumer prices, which rose to a 10-year high of 9.52 per cent in August, came down to 8.71 per cent in December last year on a point-to-point basis, meaning compared to that same period in 2021, according to the Bangladesh Bureau of Statistics.

"The years 2023 and 2024 are not looking bright," said CPD Executive Director Fahmida Khatun yesterday.

Global inflation is a big challenge and Bangladesh will not remain immune from the price spike due to its import dependence. The pressure of imported inflation and cost of living will be there, she said.

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### STOCKS

DSEX ▲	CASPI ▲
0.08%	0.13%
6,215.04	18,353.04

### COMMODITIES

Gold ▲	Oil ▲
\$1,885.2	\$78.16
(per ounce)	(per barrel)

### ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.25%	▲ 0.01%	▼ 0.11%	▲ 0.05%
59,958.03	26,449.82	3,267.78	3,163.45





Red amaranth being cultivated on a piece of land from where an early variety of carrot has just been harvested. Around 65,355 tonnes of red amaranth were grown on 31,684 acres of land around the country in fiscal year 2020-21 while 27,567 tonnes of carrots on 5,736 acres of land, according to the Bangladesh Bureau of Statistics. The photo was taken at Varoimari village in Pabna's Ishwardi upazila recently.

PHOTO: AHMED HUMAYUN KABIR TOPU

## Shahjalal Islami Bank re-elects chairman

STAR BUSINESS DESK

Mohammed Younus was unanimously re-elected as the chairman of Shahjalal Islami Bank at the bank's 354th board meeting on Wednesday.

Mohiuddin Ahmed and Abdul Karim (Nazim) were elected as vice-chairmen, said a press release.



Younus is the managing director of Sobhan Ice & Cold Storage, Younus Cold Storage, Ananta Paper Mills, Younus Paper Mills, Younus Fine Paper Mills, Younus Spinning Mills, Sharif Cold Storage, Younus Newsprint Mills and Younus Offset Paper Mills.

Mohiuddin is the proprietor of Rupsha Trading Corporation and Mohiuddin Auto House, chairman of Pacific Automobiles, vice-chairman of Shahjalal Islami Bank Securities and sponsor shareholder of Islami Insurance Bangladesh.

Karim is the chairman of London Tea Exchange BD, managing director of Karim Enterprise and proprietor of Maharani Restaurant, Camden in the UK.

## Oil rises over 1%

REUTERS, London

Oil rose more than 1 per cent on Thursday supported by optimism over China's demand outlook and hopes that upcoming inflation data from the United States will point to a slower increase in interest rates.

Top oil importer China is reopening its economy after the end of strict Covid-19 curbs, boosting optimism that demand for fuel will grow in 2023. Brent crude rose \$1.18, or 1.4 per cent, to \$83.85 a barrel by 1250 GMT, while US West Texas Intermediate crude gained \$1.15, or 1.5 per cent, to \$78.56.

Both benchmarks jumped 3 per cent on Wednesday driven by hopes that the outlook for the global economy may not be quite as pessimistic as has been feared.

## Regaining clients' trust a must for insurance: FBCCI

STAR BUSINESS REPORT

The insurance sector should focus more on increasing awareness and regaining customers' trust for the sake of the industry's development, FBCCI President Md Jashim Uddin said yesterday.

The chief of the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) made the call at the first meeting of the FBCCI's standing committee on insurance held at its headquarters in Dhaka.

"Insurance is one of the important sectors of the country's economy. However, a big challenge for this sector is a lack of confidence," Jashim Uddin said.

"We have to find a solution to get out of this situation. All concerned in this sector should play an active role to change customers' negative perceptions of the insurance industry."

Bangladesh is yet to fully utilise the possibilities of its insurance sector and there is no alternative to developing skilled manpower for future growth of the sector, he said.

MA Momen, vice-president of the FBCCI, said the time has changed, so it is very important now to go for the modernisation of the insurance sector.

He also advised attracting new customers by introducing striking ideas, products and services.

## Stocks rise for third day

STAR BUSINESS REPORT

The stock index continued rising for the third consecutive day although most of the stocks either dropped or remained unchanged yesterday.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 5 points, or 0.08 per cent, to 6,215.

The DS30, the blue chip index, advanced 0.01 per cent to 2,199 while the DSES, the index that represents shariah-based companies, fell 0.01 per cent to 1,357.

Turnover, an important indicator of the market, fell 4 per cent to Tk 507 crore, which was Tk 532 crore a day earlier.

Among the traded companies, 52 advanced, 111 declined and 171 remained unchanged.

JMI Hospital Requisite Manufacturing posted the highest appreciation, rising 9.63 per cent while Sunlife Insurance surged 6.5 per cent, Malek Spinning advanced 5.9 per cent and Bengal Windsor

**Turnover of the Dhaka bourse fell 4 per cent to Tk 507 crore, which was Tk 532 crore a day earlier**

Thermoplastics and Meghna Life Insurance gained more than 5 per cent each.

Orion Infusion suffered the sharpest fall, sliding 8.5 per cent while BD Thai Food & Beverage dropped 6.13 per cent.

Bangladesh Monospool Paper

Manufacturing and Intraco CNG Refueling Station also fell more than 2 per cent each.

Bangladesh Shipping Corporation was the most-traded stock with shares worth Tk 39 crore changing hands.

Bashundhara Paper Mills, JMI Hospital Requisite Manufacturing and Genex Infosys also saw significant transactions.

The Caspi, the all-share price index of the Chittagong Stock Exchange, however, rose 25 points, or 0.13 per cent, to end the day at 18,353.

Of the securities, 37 advanced, 44 declined, and 68 did not show any price movement.

The port city bourse's turnover dropped 60 per cent to Tk 5.26 crore from the previous day's Tk 13.33 crore.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JAN 12, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 58-Tk 75	-2.92 ↓	2.31 ↑
Coarse rice (kg)	Tk 46-Tk 52	-1.01 ↓	3.16 ↑
Loose flour (kg)	Tk 58-Tk 62	-4 ↓	66.67 ↑
Lentil (kg)	Tk 95-Tk 105	-4.76 ↓	-2.44 ↓
Soybean (litre)	Tk 170-Tk 175	-2.82 ↓	21.05 ↑
Potato (kg)	Tk 22-Tk 25	-17.54 ↓	23.68 ↑
Onion (kg)	Tk 35-Tk 45	-20 ↓	0
Egg (4 pcs)	Tk 40-Tk 45	14.86 ↑	18.06 ↑

SOURCE: TCB



Mashrur Refin, managing director of City Bank, and Md Abul Kalam Azad, director of the agriculture credit department of Bangladesh Bank, exchanged signed documents of a participatory agreement on disbursement of loans at a maximum rate of 4 per cent under a refinancing scheme of Tk 5,000 crore for food security of the country at the central bank's headquarters in Dhaka recently. Abdur Rouf Talukder, governor of Bangladesh Bank, and AKM Sajedur Rahman Khan, deputy governor, were present.

PHOTO: CITY BANK

## Plight of small businesses

FROM PAGE B4

Khan has sought an interest-free loan from the government.

Mostofa Azad Chowdhury Babu, senior vice-president of the Federation of Bangladesh Chambers of Commerce and Industry, said due to higher inflation, the purchasing power of the common people has decreased, so sales of small traders have fallen.

He said the cost of production had increased due to the higher cost of imported raw materials for the jump in the US dollar price by at least 20 per cent against the taka and the spike in transportation costs driven by energy price increases.

According to the business leader, due to the liquidity crunch in the financial sector, no new loans are being sanctioned.

"It has also affected the small businesses," Babu added.

Kazi Iqbal, a senior research fellow of the Bangladesh Institute of Development Studies, says there is a lot of uncertainty in the election year.

"Maybe because of that uncertainty, people have reduced their consumption."

District correspondents Dwoha Chowdhury, Jahid Hasan, Dipankar Roy, Kongkon Karmakar and Shahidul Islam Nirob contributed to the report.

## US inflation

FROM PAGE B4

But Rubeela Farooqi of High Frequency Economics warned that "rates of change remain well above levels Fed officials are comfortable with."

US consumer inflation climbed rapidly to a blistering 9.1 per cent last June, a 40-year high, as the war in Ukraine sent global food and energy costs rocketing.

While annual CPI growth eased to 7.1 per cent in November, it remains a far cry from the Fed's two-percent target.

"A steep drop in gas prices" is behind the easing trend in December, said Ian Shepherdson of Pantheon Macroeconomics.

Prices at the pump — a key symbol for US consumers — dropped last month on lower global demand and falling oil prices, in welcome news to policymakers.

Airline fares and health insurance prices are set to fall too, said Shepherdson.

But stripping out the volatile food and energy segments, the "core" CPI index likely rose 0.3 per cent thanks to elevated rents, he said.

This would be a slight pick-

up from November's 0.2 per cent reading, signaling that more work needs to be done.

Colyar of Moody's Analytics added that although motor fuel prices have fallen, policymakers cannot rely on its momentary downward trend to bring down overall inflation.

For now, the Fed is keeping a close eye on the labor market and the pace of wage growth, as rapidly rising earnings could provoke a continued increase in the costs of services.

Fed Chair Jerome Powell cautioned Tuesday that "restoring price stability when inflation is high can require measures that are not popular in the short term as we raise interest rates to slow the economy."

The Fed's moves aim to raise the costs of borrowing, lowering demand by making it more expensive to get funds for big-ticket purchases or to expand businesses.

Fed governor Michelle Bowman added in a separate address Tuesday that despite a decline in some measures of inflation, "we have a lot more work to do."



Syed Mahbubur Rahman, managing director of Mutual Trust Bank, and Md Abul Kalam Azad, director of the agriculture credit department of Bangladesh Bank, exchanged signed documents of a participatory agreement on disbursement of loans at 4 per cent rate under a refinancing scheme worth Tk 5,000 crore for food security of the country at the latter's headquarters in Dhaka recently.

PHOTO: MUTUAL TRUST BANK



Syed Habib Hasnat, managing director of Global Islami Bank, and Md Abul Kalam Azad, director of the agriculture credit department of Bangladesh Bank, exchanged signed documents of an agreement on disbursement of agriculture loans under a refinancing scheme for food security of the country at the latter's headquarters in Dhaka recently. Abdur Rouf Talukder, governor of Bangladesh Bank, and AKM Sajedur Rahman Khan, deputy governor, were present.

PHOTO: GLOBAL ISLAMI BANK



Ahsan Zaman Chowdhury, deputy managing director of Trust Bank, and TM Hannan, executive director for sales and marketing of Epic Health Care, exchanged signed documents of a memorandum of understanding on medical services at the latter's head office in Dhaka recently. The bank's cardholders and employees will be able to avail up to 30 per cent discount on medical services round the year. Humaira Azam, managing director of the bank, was present.

PHOTO: TRUST BANK





Customers go through teacups at a stall showcasing ceramics at the ongoing monthlong Dhaka International Trade Fair-2023 in Bangabandhu Bangladesh-China Friendship Exhibition Centre at Purbachal in Dhaka. The photo was taken on Saturday.

PHOTO: STAR

## Brac Bank to get \$100m from Jica, Citi

STAR BUSINESS REPORT

Brac Bank is going to get \$100 million from Japan International Cooperation Agency (Jica) and Citibank NA as loan mainly to finance green factory, renewable energy, energy and resource efficiency and efficient waste management.

Of the amount, the Jica will provide \$90 million for a term of eight years and Citi NA will lend \$10 million for a two-year term, the private bank said in a press release.

Brac Bank yesterday signed an agreement with Jica and Citibank NA in this regard at the Westin Dhaka.

"During challenging global market scenario, this substantial foreign exchange support from Jica and Citibank NA will help the bank manage overall forex position whilst mobilising finance in sustainable development avenues in the fields of green financing," said the Brac Bank established in 2001.

"This agreement is the first private sector financing by Jica to any financial institution in Bangladesh, representing a significant milestone in our journey towards achieving sustainable development goals."

The Brac Bank said it would use the loans from the Jica to finance green factories and environment-friendly and sustainable development focused initiatives.

**Of the amount, the Jica will provide \$90 million for a term of eight years and Citi NA will lend \$10 million for a two-year term**

The fund it would get from Citibank NA can be provided to any sector as per the regulation of Bangladesh.

Jica Vice President Mikio Hataeda said energy consumption in Bangladesh has been increasing enormously as the economy grows fast.

"To catch up the energy demand, the government of Bangladesh has adopted a new policy for green finance to encourage, among others, renewable energy and energy efficiency. Also, it is a key to expand liquid waste management in particular to cope with rapid urbanisation in the country," he said.

Selim RF Hussain, managing director and CEO of Brac Bank, said its board, especially its founding chairman Sir Fazle Hasan Abed envisioned bringing the unbanked "missing middle" under its inclusive banking strategy, which is the key to Brac Bank's success.

Brac Bank is committed towards providing long term financing to green financing projects with the ultimate view to contribute to 3P philosophy of people, planet and prosperity.

Brac Bank, which provides finance to small and medium enterprises without collateral, has 200 branches, 456 SME unit offices.

It has 1,000 agent banking outlets and 8,369 employees throughout the country and the bank caters to around 13 lakh customers, many of whom are women living in rural areas.

# Strengthen macroprudential regulations: ICCB

STAR BUSINESS DESK

Bangladesh should direct major efforts towards strengthening macroprudential regulations and building foreign exchange reserves, according to experts.

It should carefully regulate withdrawal of fiscal support measures while ensuring consistency with monetary policy objectives keeping a credible medium-term fiscal plan in place to provide targeted relief to vulnerable households, they said.

The country should aim to ease labour market constraints, increase labour force participation, reallocate displaced workers, reduce price pressures, they said.

Ensuring effective policy coordination will be important in increasing food and energy supplies, they added.

For the energy sector, they should accelerate implementation of policies on the transition to low-carbon energy sources and introduce measures to

reduce energy consumption to face climate change, they said.

The suggestions came in an editorial of the current news bulletin (Oct-Dec, 2022) of the International Chamber of Commerce Bangladesh (ICCB) yesterday.

The ICCB, the Bangladesh chapter of world business organisation the International Chamber of Commerce, said although Bangladesh may not go into recession, the country was substantially prone to many of associated risks.

Appropriate steps can help the prevailing economic situation of the country turn for the better, it said.

These include diversifying the export basket, increasing remittance inflow through formal channels, streamlining public sector expenditures, rationalising mega infrastructure and other projects and undertaking effective financial sector reforms.

The global economy surpassed \$100 trillion for the first time in 2022 but is

likely to stall in 2023 due to last year's multifaceted shocks and challenges, said the ICCB.

The three main global growth engines – the US, Europe and China – will experience slower growth in 2023, it said.

Higher-than-expected and persistent inflation, tightened financial conditions, the Russia-Ukraine war, lingering of the pandemic and supply-demand mismatches further turned the global economic outlook grim, according to the editorial.

Kristalina Georgieva, chief of International Monetary Fund, warned that one-third of the world economy could be in recession in 2023.

Even countries that would not be in recession, would feel the recessionary pressure for millions of people, she adds.

The war accelerated a series of cascading and interconnected global crises in food, fuel, and energy, resulting in raising the cost of living further and

adding to inflationary pressure in many countries, said the editorial.

In addition, extreme weather conditions due to climate change pose downside risks to the global economic outlook and increasing energy prices also hamper the path toward a green transition, it said.

The persisting global challenges have caused rising debt vulnerabilities and hampered the way toward recovery, which further impacted the vulnerable groups, especially low-income and developing countries, it added.

The largest slowdown of global trade in generations and a significant decline in foreign direct investment, private capital flows and remittances are also contributing to global recession, it said.

The likely recession in the developed world will spur capital outflows from the developing countries, forcing them to devalue their currencies, thus adding to rising inflation and consequently to increasing interest rates, it said.

## World enters new age of clean energy manufacturing: IEA

AFP, France

The world is at the "dawn of a new industrial age" of clean energy technology manufacturing that will triple in value by 2030 and create millions of jobs, the International Energy Agency said on Thursday.

The global market for key mass-manufactured technologies including solar panels, wind turbines, electric vehicle batteries, heat pumps and electrolyzers for hydrogen will be worth around \$650 billion a year by the end of the decade, the IEA predicted in a report.

The figure is more than three times larger than current levels but is conditional on countries fully implementing their energy and climate pledges, it added.

Related jobs in clean energy manufacturing will more than double from six million to nearly 14 million by 2030, the agency said.

"The energy world is at the dawn of a new industrial age – the age of clean energy technology manufacturing," the IEA said.

But the Paris-based organisation warned that the concentration of resource extraction and manufacturing poses risks to supply chains.

Three countries account for 70 per cent of the manufacturing capacity for solar, wind, battery, electrolyser and heat pump technology, with China "dominant in all of them".

The Democratic Republic of Congo produces more than 70 per cent of the world's cobalt, and three countries – Australia, Chile and China – account for more than 90 per cent of the global production of lithium, a key resource for electric vehicle batteries.

Supply chain tensions risk making the energy transition more difficult and expensive, the report added.

## Malaysia could stop palm oil export to EU

REUTERS, Kuala Lumpur

Malaysia said on Thursday it could stop exporting palm oil to the European Union in response to a new EU law aimed at protecting forests by strictly regulating sale of the product.

Commodities Minister Fadillah Yusof said Malaysia and Indonesia would discuss the law, which bans sale of palm oil and other commodities linked to deforestation unless importers can show that production of their specific goods has not damaged forests.

## Local auto assembly

FROM PAGE B1

Initially the most popular Hyundai SUVs, sedans and multipurpose vehicles will be put together in the Gazipur plant.

Fair Technology entered into a strategic partnership with South Korean automobile giant Hyundai Motor Corporation in 2020 and started to bring over passenger vehicles to Bangladesh.

Hyundai Creta of 2023, assembled in Indonesia, is already available in the Bangladesh market.

This too will be assembled in Bangladesh, said Hasnain Khurshed, head of communication of Fair Group.

"We imported around 1,650 components to assemble the Creta model," he said.

## Inflation, debt crisis

FROM PAGE B1

Besides, the ratio of internal debt to gross domestic product (GDP) is increasing although the ratio of external debt to GDP remains low. But repayment pressure will increase, she said.

The GRPS report finds that the cost-of-living crisis, natural disasters, extreme weather events and geoeconomic confrontations were the top three risks the world would be facing in the next two years.

Failure to mitigate climate change, erosion of social cohesion and societal polarisation were also named as global risks for the short term.

The report said the return to a "new normal" following the pandemic was quickly disrupted by the outbreak of the Russia-Ukraine war. It ushered in a fresh series of crises in food and energy, triggering problems that decades of progress had sought to solve, it said.

## Lanka gets

FROM PAGE B1

exchange reserves, the nation was compelled to request the BB to extend the repayment period.

As per the new deadline, Sri Lanka will have to repay the loan by September this year.

The BB has extended the deadline at a time when its foreign exchange reserves are depleting at a faster

pace.

Bangladesh has already sought credit support from several multilateral lenders, including International Monetary Fund.

The reserves of Bangladesh stood at \$32.52 billion on January 11 in contrast to \$44.92 billion on the same day a year ago, according to data from the central bank.

In August, the BB gave the primary licence to Nagad Finance PLC, where Nagad Ltd Managing Director Tanvir A Mishuk is a director.

Speaking to The Daily Star last evening, Mishuk said he did not know about the BB move. "We would be happy if the central bank took such a decision."

In November 2021, Nagad Finance applied for a multipurpose licence to run as an NBFI and operate an MFS and microcredit operations simultaneously. The name of the proposed company was Amar Fintech

then.

The central bank rejected the application as such a licence does not exist. A second application was submitted on January 11 last year but it was again turned down.

On January 20, a third application was submitted where the name of the proposed company was changed to Nagad Finance Ltd.

Nagad Finance Ltd sought to conduct "small-value lending" and provide MFS. The BB board did not entertain the proposal.

Soon afterwards, a fresh application was filed for an NBFI.

## RMG export growth

FROM PAGE B1

dampen holiday shopping plans, reported CNN earlier.

Among European destinations, the shipment to Germany rose 3.54 per cent year-on-year to \$3.45 billion in July-December. Germany is Bangladesh's single largest garment export destination in the bloc.

The sales to Spain and France grew 17.62 per cent and 33.08 per cent to \$1.7 billion and \$1.41 billion, respectively. The export to Poland declined by 18.43 per cent.

The UK imported \$2.39 billion worth of garment items from Bangladesh. Canada bought \$774.16 million worth of apparel items. The growth in the two countries stood at 11.89 per cent and 28.42 per cent, respectively.

Although the export growth of garment items to the major traditional markets, namely the US, the EU and Canada, has been falling, the trend is the opposite to the emerging destinations.

The export to non-traditional markets surged 32.19 per cent to \$4.04 billion between July and December. It was \$3.05 billion in the corresponding period of 2021-22.

In Asia, the export to Japan reached \$754.72 million, clocking a growth of 42.54 per cent, while it rose 50 per cent to \$548.89 million to India, EPB data showed.

"Amid the current global slowdown, Asian markets might appear as a saviour," Hassan added.

"The garment export to South Korea, Japan and India has kept growing and the momentum will continue in the near future."

Hassan, however, warned that the price of garment items per unit might not increase like last year.

Buyers raised the unit price of apparel items in 2022 following the price hike of raw materials like cotton and chemical and freight charges.

"The prices of raw materials are stabilising and the freight charge is also declining so buyers may not hike the prices of per unit garment items," said the BGMEA chief.

He could not predict how the current financial year would turn out for the apparel sector finally as everything would depend on the direction of the war.

The apparel sector accounts for about 85 per cent of the national exports.

## Nagad Finance inches closer to NBFI, MFS licences

Nagad is an MFS brand of the Bangladesh Post Office. It is being run through Third Wave Technologies Ltd, which renamed itself as Nagad Ltd in February last year allegedly without informing the BPO.

Currently, it is one of the largest MFS in Bangladesh.

Since Nagad's inception in 2019, Nagad has been running based on an interim licence from the BB. In September, the BB renewed the interim licence for the sixth time as the BPO could not form a subsidiary to run the mobile financial service within the deadline.





Small businesses like this one in Mirpur 1 in the capital have seen their expenses go up though their sales are going down amid a drop in demand due to rising inflation.

PHOTO: PALASH KHAN

# Plight of small businesses only deepens

SUKANTA HALDER

Mohammad Soheli is dusting off the shelves in his shop at the Muktiyoddha Supermarket in Mirpur 1 on Wednesday afternoon as no shopper was present. In fact, he did not record any sales on the day although some shoppers did turn out.

Before the coronavirus pandemic hit the world in early 2020, his shop used to sell products worth Tk 45,000 to Tk 50,000 every day.

The amount has now come down to Tk 18,000-Tk 25,000 amid a sharp drop in sales caused by a higher cost of living. What is worse, the sales are falling day by day.

"The business has never been this bad," Soheli told The Daily Star.

"Earlier, the people who used to buy clothes spending Tk 3,000-4,000 is not making a purchase of Tk 1,000 now."

The 42-year-old, however, is well aware of the factors behind the lower sales.

"The price of everything has surged. People's expenses have increased but their income hasn't. People are actually buying less now than ever before," he said.

The businessman has unsuccessfully tried to secure loans from two banks to give a boost to his working capital. So, he was forced to let go of three of his employees in a span of two months.

His financial condition has turned so bad that he has decided to shut his shop in April. He would notify the owner of the shop about it when he would go to him to clear the rent for January.

Soheli's story echoes the struggle small

retailers across the country are going through owing to persistently higher inflation and an increase in input costs and energy bills.

The situation is particularly challenging since their expenses have gone up whereas sales have declined.

Allah'r Dan Croceries at the Chandrima Super Market in the New Market area posted 30-40 per cent lower sales in December compared to normal times.

Zane Alam Jinnah, the owner of the shop, says profit margins have fallen by 10-15 per cent.

"I am worried. I don't know what will happen in the coming days."

He is also not convinced whether it would be wise to run the business with a loan from a bank since paying instalments would be difficult.

"There is no money to save after paying the shop rent, clearing employees' wages and meeting other expenses. Sometimes, I have to borrow from friends and families under the current circumstances."

The limited-income people in Bangladesh have been forced to tighten their belts because of the cost-of-living crisis, driven by escalated prices of essential commodities and a hike in transport costs, both fallout of the Russia-Ukraine war.

Although the inflation rate has maintained a downward trend for the past four months, it is still high enough to affect those living in the middle-income category and below.

On the other hand, the monthly wage growth has remained below the

inflation rate for 11 consecutive months in December, highlighting the erosion in the real income in the face of higher inflation, which stood at 8.71 per cent in December.

During visits to various retail shops in Kallyanpur, Mirpur 10, Farmgate, Moghbazar and several parts of the country over the last couple of days, the presence of customers was found to be thinner compared to normal times.

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Shop owners and operators say shoppers' turnout has fallen by 40 per cent to 45 per cent.

Shamima Nasrin, the proprietor of Aangon Initiative, a retailer of jewellery items in Sylhet, says the demand for fashion jewellery has declined over the years.

"On the other hand, the cost of operation is increasing."

According to the entrepreneur, the import of jewelry raw materials such as pearls has been impacted because of the high dollar rate, which has pushed up the cost by 20-30 per cent in the last three months.

"As a result, our profits have fallen."

Nasrin plans to secure a loan from banks or financial institutions to keep the

operation of the business up and running.

Amjad Hossain, a cosmetic wholesaler in Aramnagar Bazar in Jamalpur's Sarishabari upazila, says sales have dropped in half.

He says he doesn't know how to cope with the current situation. "Everywhere I look, I see no hope."

Sultan Mahmud, of Nawabganj upazila in Dinajpur, started a printing business five years ago. His sales have dropped by a quarter.

"It has happened as people have tightened their belts and cut down expenses. So, it has become hard to pay wages to staff members," he said.

Jewel Majumder, a grocer in the Banik Para area of Daulatpur in Khulna, used to register sales of Tk 35,000 to Tk 40,000 a day before the current slowdown hit.

"It is now Tk 10,000 to Tk 12,000," he said.

He said several customers had bought products on credit from his shop but they had not paid back yet. Amid lower sales, one of his two employees was laid off six months ago.

Jahangir Khan, a small shoemaker in Shariatpur district town, said that in his 34 years of business, he has never faced such a bad time.

Nearly two months ago, he laid off all of his three workers.

Previously, the factory would sell products worth Tk 3,000 a day, making a profit of Tk 1,200. The profit has slumped to Tk 300-Tk 400 due to the decrease in sales and the increase in the price of raw materials.

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## Why we struggle to share credit

MAHTAB UDDIN AHMED

Back in the day when we went to university, it was a common feature in every batch to have a group of friends who would inadvertently have a designated "Khadem" or "assistant" from the same class, an ordinary-looking, kind-hearted male classmate who would take care of their every need at the drop of a hat!

If you look carefully, you can also find these "assistant" figures in the corporate world. It reminds me of a CEO friend of mine who was well-known for driving his big company to a new height with innovative and digital initiatives.

In the process, he masterminded a tech company with the support of a key partner and a prominent stakeholder. One of his loyal and trusted "assistants" who was rejected by other divisional heads of the company for his lack of professional prowess, was luckily placed in the project coordination activity to save his job.

One day, the "assistant" ambitiously approached the CEO to recommend him for the CEO role. Shocked at his proposal, the CEO reminded him of his inadequacies against the heads of competing companies. Despite the CEO's reservations regarding his professional abilities, the "assistant" eventually managed to clinch the top job in the tech company, using his so-called magic.

"Assistants" usually forget their models when they outlive their roles. True to his nature, in a recent interview with a prominent newspaper, the assistant-



turned-CEO of the new company claimed full credit for himself for the entire process of conceiving the project idea to its current implementation.

"Sharing is caring is one of the first lessons we get from our parents, but we, like this 'assistant', don't always follow it. And when it comes to sharing credit, we are

even more remiss!

Common reasons behind this tendency include professional insecurity and being exceedingly ambitious. Another reason is the genuine belief that he/she made a greater contribution to the project deserving more credit.

Some are overly concerned about how it would impact their reputation or career prospects. And of course, there are the individualistic types who value personal recognition over team success.

Contrarily, sharing credit has many benefits to its credit - pun intended. For one, it can help foster trust and a sense of teamwork and collaboration, a sure recipe for building strong and effective teams.

Recognition can motivate team members to engage and perform better, strengthening relationships simultaneously. Finally, sharing credit prevents conflicts while building goodwill, which helps ensure recognition. In my long career, I have never found any leaders or managers ever being penalised or deprived of sharing credit with others.

There are many ways that credit can be shared in the workplace. Acknowledge the contribution of others by recognising the efforts of each and every team member. The use of inclusive language also goes the extra mile. For instance, use "we" instead of "I". And give credit, no matter how small, when and where it is due. If someone has made a significant contribution to a project, make sure the due credit is given in public.

Traditional leaders generally have a formula for success: passing all the work to others and taking all the credit when it comes to success. But the leaders of the digital era are quite different. They work together, take pains, share credit, and grow together. Let's all try to make digital-era leaders our role models and create a better working environment.

The author is a telecom and management expert.

## Half of German companies report labour shortages

REUTERS, Berlin

More than half Germany's companies are struggling to fill vacancies due to a lack of skilled workers, the German Chambers of Commerce and Industry (DIHK) said on Thursday, in the latest sign of growth headwinds belabouring Europe's largest economy.

The proportion of companies facing difficulties hiring was at its highest ever level, the DIHK found in its survey of 22,000 companies, with 53 per cent reporting shortages.

"We can assume that some 2 million vacancies will remain unfilled," Achim Dercks, DIHK's Deputy Chief Executive, said, with the result that companies were foregoing nearly 100 billion euros' worth of output.

The labour market's resilience did not mean companies were doing well, he added. Staff shortages, high energy prices and the shift towards climate neutrality were a "dangerous mix" that could lead firms to move production abroad. UK trade union says 100,000 public sector workers to strike on Feb.

"The skilled worker shortage is not only a burden on businesses, but it also jeopardizes success in important tasks for the future like the energy transition, digitisation and infrastructure build-out," he said.

Workers with the relevant skills were growing ever scarcer, he said, including in the manufacturing sectors that are the engine room of the German exporting powerhouse.

The survey found that 67 per cent of electrical equipment manufacturers were unable to fill vacancies and 67 per cent of mechanical engineering companies. In carmaking, 65 per cent of companies reported labour shortages.



A general view of the BMW Group motorcycle manufacturing unit in Berlin, Germany. The skilled worker shortage is not only a burden on businesses, but it also jeopardizes success in important tasks for the future like the energy transition, digitisation and infrastructure build-out, says an expert.

PHOTO: REUTERS/FILE

## US inflation to ease further

Analysts say

AFP, United States

Consumer inflation in the United States is set to ease further in December, analysts say, in an encouraging trend that could bring some reprieve from rising interest rates.

As American households struggle with decades-high inflation, the Federal Reserve hiked its benchmark lending rate at a pace unheard of since the 1980s in hopes of cooling the world's biggest economy.

But analysts expect the consumer price index (CPI), a key inflation gauge, to flatline between November and December in figures due to be released Thursday.

The data point could add to signs that the worst of surging prices may be over.

"The trend is an encouraging one," Moody's Analytics economist Matt Colyar told AFP, noting that figures have come down from a recent peak.

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