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Hike gas prices in phases, not at one go

BGMEA says

STAR BUSINESS REPORT

The garment makers have urged the government to increase gas price in phases because it is tough to tolerate a sudden big hike amid the existing volatile domestic and global economic situation.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) made the call through a letter sent to Tawfiq-e-Elahi Chowdhury, energy adviser to the prime minister, and Nasrul Hamid, state minister for energy and mineral resources, yesterday.

In the letter, Faruque Hassan, BGMEA president, also urged the government to ensure uninterrupted and adequate power and gas supply to the industrial units for the continuity of the production.

BGMEA also urged the government to ensure uninterrupted and adequate power and gas supply to the industrial units

The BGMEA also demanded for the full waiver of customs duty and value added tax (VAT) on import of energy materials for a year to address the global crisis.

Moreover, the government should ensure efficient use of energy instead of hiking gas prices, so the natural resources are utilised properly, the letter read.

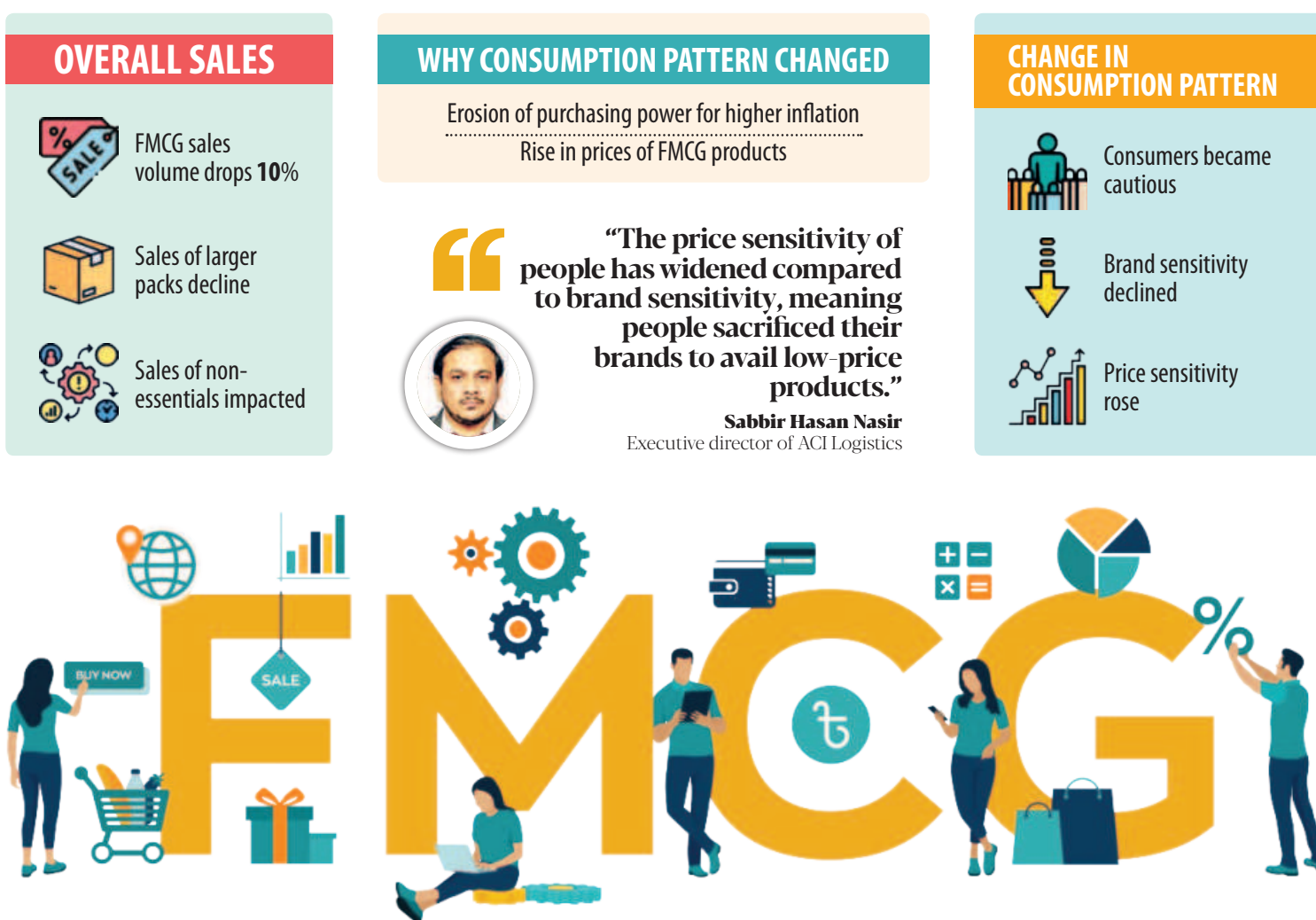
For instance, the government should reduce the system loss by snapping the illegal and loose gas connections and checking metre reading for efficient use of gas in the country.

The government should also fix the gas price by adjusting the sources of gas so the users can purchase it at affordable prices.

Currently, the government distributes gas from three sources: natural gas fields, imported liquefied natural gas (LNG) purchased with long term agreements and LNGs from spot markets.

So, the prices of the gas also vary and many industrial units face

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FMCG sales drop as inflation eats into consumption

AHSAN HABIB

In the face of a soaring cost of living, many low and middle-income people in Bangladesh have either ditched branded products or switched to smaller packs, causing consumer goods producers and marketers to record a slowdown in sales in 2022.

Senior executives of a number of fast-moving consumer goods (FMCG) companies told The Daily Star that the sales volume of non-essential products either fell or posted a very minimal growth last year compared to 2021.

FMCGs, also known as consumer packaged goods, are products that sell quickly at relatively lower costs. And the top officials say people have become more sensitive to the prices while sensitivity to the brands fell, meaning they are giving up their preferred brands in order to access low-priced alternatives.

This is because their purchasing power has eroded as inflation has persistently remained at an elevated level since March while incomes have stagnated.

“In general, consumers are in a tight corner due to the higher prices of goods. So, they are buying less,” said Syed Alamgir, managing director and CEO at Akij Venture Group.

“The sales volume of FMCG

companies dropped by around 10 per cent on average in the last one year. Most of the sales drop have taken place in rural areas.”

Owing to escalated raw material costs in the global markets and the higher US dollar price, FMCG products have become dearer. Companies have hiked the prices of consumer products by 20 per cent to 80

growth of FMCG products would bounce back after the impacts of Covid-19 petered out. However, it varied from product to product.

“The sales growth in essential products has remained in good shape while the growth in personal care products declined or turned negative.”

“The price sensitivity of people widened compared to the brand

prices for most of FMCG products in 2022.

The taka has lost its value by about 25 per cent against the American greenback since Russia's invasion of Ukraine in February.

“Other operating costs also pushed up the prices of FMCG products in Bangladesh. There are some products that have almost gone out of the reach of many consumers. In case of some products, people are consuming less,” Quamrul said.

He pointed out that as the prices of FMCGs rose, the sales value was higher and the growth was also positive. “But the sales volume declined in many segments for most companies.”

On average, the sales volume of non-essential products of FMCG companies fell by around 10 per cent, he added.

Jesmin Zaman, head of marketing of Square Toiletries Ltd, says in some cases, consumers have moved from larger packs to medium-sized or smaller packs.

Regional and small players that produce FMCG products for a certain region had been in the most challenging situation when it comes to importing raw materials. As such, their sales were impacted to a large extent and major players benefitted from the situation, she said.

The companies that have

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per cent, according to industry insiders.

“2022 was a challenging year for almost all the segments of FMCGs,” said Kamruzzaman Kamal, director for marketing at Pran-RFL Group.

“Due to the cost escalation, the market saw a slight drop in demand since consumers have tightened their belts.”

Sabbir Hasan Nasir, executive director of ACI Logistics that operates the country's largest retail chain brand Shwapno, says they had thought that the sales

sensitivity, meaning people sacrificed their brands in order to avail low-priced products.”

He blamed higher inflation for the change in consumer behaviour.

Inflation hit a 10-year high of 9.52 per cent in August 2022, according to data from the Bangladesh Bureau of Statistics. It fell to 8.71 per cent in December.

Md Quamrul Hasan, business director of ACI Consumer Brand, said the massive depreciation of the local currency against the US dollar raised the raw material

Ramadan items already costlier

MOHAMMAD SUMAN and SUKANTA HALDER

The price of the most-consumed items during Ramadan such as chickpeas, dried peas and dates has increased in the wholesale markets in Dhaka and Chattogram due to a supply shortage, two months before the fasting month begins.

Traders and importers say the prices of most products have been stable in the international market for the last few months.

However, the import of these products has fallen due to the increase in the US dollar rate and the complexity of opening letters of credit (LCs). As a result, the supply of the essential items in the market has dropped, driving up their prices, they say.

At the Khatunganj wholesale market, one of the country's largest commodity hubs, the price of chickpeas has gone up by Tk 450 per maund (37.3 kilograms) in a month. The item is now selling at Tk 2,950 to Tk 3,300 per maund.

The import of these products has fallen due to the increase in the US dollar rate and the complexity of opening letters of credit (LCs)

Similarly, dried peas now cost Tk 1,850 to Tk 2,200 per maund, a spike of Tk 200-Tk 220.

The price of dates has increased by Tk 10 to Tk 100 per kg. Depending on varieties, the most popular item consumed during Ramadan is selling at Tk 130 to Tk 900 per kg, traders say.

Retailers are selling chickpeas, dried peas and dates at prices that are Tk 5 to Tk 15 higher than the wholesale rates per kg.

At least five retail and kitchen markets, including those in Kazir Deuri, Karnaphuli Market, and Chawkbazar in Chattogram, saw a lower supply of all kinds of products compared to demand.

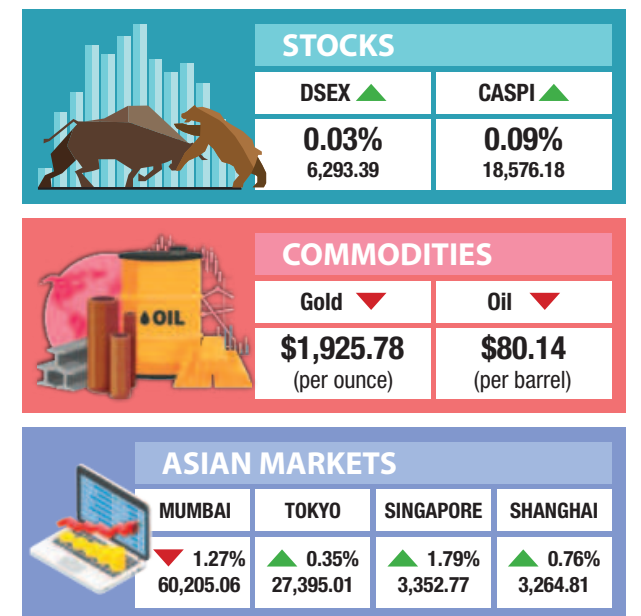
In the retail markets in Dhaka and Chattogram, chickpeas are now being sold at Tk 90-92 per kg.

Masud Mia, owner of Bhai Bhai General Store in Karwan Bazar, says the price of chickpeas and peas has increased by Tk 3-5 per kg.

“Ramadan is still two months away. If the upward trend of the price continues, it may be difficult to bring it down in the coming days.”

In Dhaka's Mirpur no. 1 kitchen market and Mohammadpur Town Hall market, it was also found that chickpeas and peas are being sold at a higher price.

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Cutting VAT won't help lower prices of goods: NBR

STAR BUSINESS REPORT

Businesspeople engaged in importing and distributing essential commodities inflate the prices of their goods by saying they have to pay high amounts of customs duty or value-added tax (VAT), according to Abu Hena Md Rahmatul Muneem, chairman of the National Board of Revenue (NBR).

They [businesspeople] think that reducing VAT or customs duty would help lower the price of goods, but that is not the case,” he said while speaking at a press conference on International Customs Day at the NBR office in Dhaka yesterday.

Muneem went on to say that the NBR regularly checks whether any increase in customs duty or VAT actually impacts commodity prices to the extent claimed by businesspeople.

The NBR had recently increased the customs duty in a bid to discourage imports of some luxury goods amid the ongoing US dollar shortage.

“There is nothing else we can do to save US dollars other than increase duties,” he added.

Muneem then said halting raw materials and machinery imports would help save US dollars, but it would also have a negative impact on the country's economy and reduce exports.

So, that should be taken into consideration, he added. The NBR chairman also said the slowdown in global trade has affected Bangladesh's exports and as a result, revenue collection has decreased.

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Though fish swim bladders are generally considered a waste by-product in Bangladesh and end up being thrown away, it is among the most expensive dried seafood in a number of Asian countries. From the export markets, each kilogramme of the dried organs fetches anywhere from Tk 10,000 to as much as Tk 40,000. The photos were taken at Chattogram Fishery Ghat on the banks of the Karnaphuli river in the port city recently.

PHOTO: RAJIB RAIHAN

Bangladesh a key sourcing destination

British retail giant Primark's CEO says

STAR BUSINESS REPORT

British retail giant Primark's CEO Paul Marchant has praised the development Bangladesh's garment sector has achieved in production of apparels in green factories.

Bangladesh's apparel industry is a very important sourcing destination for Primark, he said.

Garments made in Bangladesh are very popular to them, Merchant said.

He made the comments after a meeting with Commerce Minister Tipu Munshi and Prime Minister's Private Industries and Investment Adviser Salman F Rahman at the commerce ministry in Dhaka yesterday.

After the meeting, Munshi in a statement from the commerce ministry said he is hopeful

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Baskets made from bamboo are seen on display in the Natun Bazar area of Muktagacha upazila in Mymensingh. Priced between Tk 120 to 150, the baskets offer little profit to their craftsmen as each can cost up to Tk 100 to make. PHOTO: MD AMINUL ISLAM

Bamboo craftsmen being battered by higher input costs

MD AMINUL ISLAM, Mymensingh

Life has become exceedingly difficult for craftsmen that make different bamboo products used in agriculture and fishing as production costs have soared in recent years.

With the price of finished goods being almost equal to the input cost, many bamboo craftsmen have been forced to leave their ancestral profession in search of a better source of income.

"We are struggling to survive as it is very hard to earn even Tk 100 daily from this profession," said Rafiq Mia, a bamboo craftsman of Kandigaon village in Mymensingh's Muktagacha upazila.

Various bamboo traders and craftsmen in the Muktagacha Natun Bazar area told this correspondent that rising raw material costs are the main concern.

A small to medium size piece of bamboo currently costs up to Tk 100 while the products made from it are priced at Tk 120 to Tk 150, they said.

Sales usually peak during the aman and boro harvesting seasons while demand also spikes during major festivals such as Pabela Baishakh. However, most bamboo craftsmen are unable to go for large scale production as they lack sufficient funds



and workers.

Instead, many of them are deprived of fair prices as middlemen eat up a lion's share of the profit for simply taking the goods to the market, they added.

Babul Mia, a bamboo craftsman of Rouharchar village in the same upazila, said his business now totally depends on housewives who can engage in making bamboo products for hours at home.

"This is because most male workers have already left the profession in search for a better living to support their future generations," he added.

Idris Ali, a bamboo trader of Chogoria Ramnathpur village in Muktagacha upazila, said many craftsmen have either left the locality for work elsewhere while others that are continuing their ancestral profession are living in a "half-fed" condition.

Locals say there are some 500 families engaged in making bamboo products in the district, mainly in the Muktagacha, Phulpur, Tarakanda, Gouripur and sadar upazilas.

The arrival of plastic alternatives was the biggest threat for bamboo products

in recent years as they are comparatively cheaper and more available, according to Haradhan Pal, a trader of bamboo products at Shambhuganj Bazar.

A farm labourer can easily earn an average of Tk 400 daily but the same cannot be said for bamboo craftsmen as they get only about half of that amount while having to source raw materials locally, said Abu Hanif, a craftsman of Subornakhila village.

Mononesh Das, a journalist, said bamboo products once had great demand for use in agriculture as well as aquaculture.

But now, most farmers prefer comparatively cheaper plastic sacks and other articles as they are more easily available.

As such, demand has decreased of the years, leaving the craftsmen in a crisis, he added.

Meanwhile, farmers say the price of bamboo products used in agriculture or fishing has increased over the years, leading to the rise of plastic alternatives.

A medium size bamboo basket is now being sold for Tk 100 to Tk 120 while the big ones cost more than Tk 150. Due to price hike of bamboo items, people are using plastic items to optimise costs, they said.

Emirates Skywards crosses 30m members milestone

STAR BUSINESS DESK

Emirates Skywards, a loyalty programme of Emirates and flydubai, has hit a new record with more than 30 million members enrolled worldwide.

As part of the celebration of the new milestone, Emirates will be offering passengers travelling on select flights special branded cupcakes on board.

The loyalty programme was rolled out on January 23 and will continue till February 4 this year, said a press release.

Skywards members can join a competition and win more than 10 one-way Emirates Business Class tickets from Dubai to London.

Emirates Skywards members, who will travel to and through Dubai between January 30 and February 1, will also have a chance to win even more rewards. Winners will discover a red "30 million" sticker on luggage upon arrival into Dubai airports. Over the next 3 days, 10 members will have a chance to win 30,000 miles each.

Besides, the awards will include 30 silver tier upgrades, 10 Skywards+ packages, 30 flight upgrades and 30 complimentary chauffeur drive service vouchers for Dubai.

MTB, Rahim Textile ink deal on payroll banking service

STAR BUSINESS DESK

Mutual Trust Bank (MTB) has recently signed an agreement with Rahim Textile Mills, a concern of New Asia Group, for providing payroll banking services to its employees.

Md Shafquat Hossain, head of retail banking division of MTB, and Brig General (ret'd) AF Jaglul Ahmed, executive director of Rahim Textile Mills, inked the deal at a ceremony held at the bank's head office in Dhaka, said a press release.

Syed Mahbubur Rahman, managing director of MTB, Md Khalid Mahmood Khan, deputy managing director, Md Shaheenur Rahman, executive director, and Mohammad Sakhawat Hossain, chief financial officer of Rahim Textile Mills, were present.

	PRICE (JAN 25, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	-0.74 ↓	5.47 ↑
Coarse rice (kg)	Tk 46-Tk 52	-2.97 ↓	3.16 ↑
Loose flour (kg)	Tk 58-Tk 60	-5.6 ↓	66.2 ↑
Lentil (kg)	Tk 100-Tk 105	0	3.54 ↑
Soybean (litre)	Tk 168-Tk 170	0.3 ↑	14.58 ↑
Potato (kg)	Tk 24-Tk 30	20 ↑	63.64 ↑
Onion (kg)	Tk 30-Tk 35	-13.33 ↓	18.18 ↑
Egg (4 pcs)	Tk 40-Tk 45	14.86 ↑	16.44 ↑

SOURCE: TCB



Golam Gaffar Imtiaz Chowdhury, head of foreign remittance department of Bank Asia, receives an award from Dr Mashiur Rahman, economics affairs adviser to the prime minister, in recognition of the bank's contribution in collecting remittance for 2022 at a programme at Pan Pacific Sonargaon Dhaka on Monday. PHOTO: BANK ASIA

Bank Asia wins Remittance Award 2022

STAR BUSINESS DESK

Bank Asia Limited has won a "Remittance Award 2022" conferred by the Centre for Non-Resident Bangladeshis (NRB) for outstanding contribution in collecting remittance

for 2022.

Golam Gaffar Imtiaz Chowdhury, head of foreign remittance department of Bank Asia, received an award from Dr Mashiur Rahman, economics affairs adviser to the prime

minister, at a programme held at Pan Pacific Sonargaon Dhaka on Monday.

MS Shekil Chowdhury, chairperson of the Centre for NRB, presided over the ceremony, said a press release.



Mohammad Ali, managing director of Pubali Bank, inaugurates the bank's Matuail sub-branch at Demra Thana in Dhaka yesterday. Md Kamruzzaman, regional manager of Dhaka south region of the bank, was present. PHOTO: PUBALI BANK



Tarique Afzal, managing director of AB Bank, hands over smart credit cards with easy terms to school teachers at a programme held at Gimadanga Tungipara Government Primary School in Tungipara Thana of Gopalganj recently. Sheikh Tozammel Haque Tutul, mayor of Tungipara municipality, and Sheikh Sukur Ahmed, chairman of Patgati Union Parishad, were present. PHOTO: AB BANK



HN Ashequr Rahman, chairman of Meghna Bank, attended its "Corporate Conference 2023" at Gulshan Club in Dhaka on Sunday. Rehana Ashequr Rahman, chairman of its risk management committee, Sohail RK Hussain, managing director, and Kimiwa Saddat, head of corporate banking, were present. PHOTO: MEGHNA BANK



Mohammad Feroz Hossain, managing director of Exim Bank, opens the bank's Badamtoli sub-branch in Old Dhaka yesterday. Md Moidul Islam, additional deputy managing director of the bank, Serazul Islam, president of Bangladesh Fresh Fruits Importers' Association, and Md Al-Amin Hossain, deputy secretary, were present. PHOTO: EXIM BANK



Workers busy unloading goods at the Khatunganj wholesale market, one of the country's largest commodity hubs in Chattogram. Though traders and importers say the prices of most products have been stable in the international market for the last few months, the prices of the most-consumed items during Ramadan such as chickpeas, dried peas and dates have increased in the wholesale markets in Dhaka and Chattogram due to a supply shortage. Story on B1.

PHOTO: STAR

Unique Hotel's profit surges 270% in Q2

STAR BUSINESS REPORT

Unique Hotel & Resorts Limited, the owning company of The Westin Dhaka, made Tk 29.44 crore in profit in the second quarter of the current financial year, up 270 per cent year-on-year.

This compared to the Tk 7.95 crore profit it clocked in the October-December quarter of the previous financial year.

The company, thus, reported earnings per share (EPS) of Tk 1 in October-December of 2022-23 against Tk 0.27 in the identical quarter of 2021-22.

Unique Hotel raked in Tk 44.75 crore profit in the first half of FY23, an increase of 462 per cent from Tk 7.95 crore it took home in the same period of FY22.

Thus, the EPS surged to Tk 1.52 in the first half of the current financial year from Tk 0.27 in the same period of FY22.

The EPS increased thanks to a rise in revenue during the reporting period, said the hotel in a filing on the Dhaka Stock Exchange (DSE).

The net operating cash flow per share rose to Tk 2.24 in July-December of FY23 from Tk 0.47 in the first half of FY22. The NOCFPS rose due to an increase in revenue following the improvement in the Covid-19 situation, said the filing.

The net asset value per share stood at Tk 84.79 on December 31 and Tk 84.73 on June 30.

Shares of Unique Hotel were up 1.80 per cent to Tk 68 on the premier bourse of Bangladesh yesterday.

Adani stocks sink Indian shares

REUTERS, Bengaluru

Indian shares fell to their lowest level in over a week on Wednesday, dragged by Adani group stocks after a short seller raised fresh concerns about the group's debt in a report that had a ripple effect across the market.

The Nifty 50 index closed 1.25 per cent lower at 17,891.95, while the S&P BSE Sensex fell 1.27 per cent to 60,205.06.

Stocks of the seven listed Adani group companies fell between 1.5 per cent and 9 per cent after Hindenburg, a well-known US short seller, said in a report that key listed companies in the group controlled by billionaire Gautam Adani had "substantial debt".

This has put the entire group on a "precarious financial footing", the report said.

Adani Group refuted the allegations, terming them "baseless."

The flagship Adani Enterprises fell about 1.54 per cent, while Adani Ports and Special Economic Zone dropped more than 6 per cent. Adani Ports was the top loser on the benchmark Nifty index on Wednesday.

Adani-owned cement firms ACC and Ambuja Cements fell 7.28 per cent and 7.77 per cent, respectively.

All the major sectoral indexes logged losses, with the heavyweight financials sliding 2.13 per cent. Analysts cited risk aversion due to the Hindenburg report for the drop.

Higher dollar, fuel prices affect Runner Auto's sales

STAR BUSINESS REPORT

Runner Automobiles Ltd, the country's leading bike manufacturer, suffered losses for the second consecutive quarter in October to December owing to a sharp decline in the sales of motorcycles, three-wheelers and commercial vehicles.

Higher prices of bikes and vehicles resulting from an increased import cost amid a sharp depreciation of the taka against the US dollar, and the spike in fuel prices affected demand, said a top official of the company.

The automobile seller's losses per share stood at Tk 2.08 in October-December of 2022-23 from a profit of Tk 0.96 in the same period a year ago.

Its overall losses rose to Tk 3.13 each share in July-December from an EPS of Tk 1.49 in the first half of the previous financial year, said the company in a filing on the Dhaka Stock Exchange.

Shares of Runner remained unchanged

at Tk 48.4 yesterday.

Overall sales of bikes and three-wheelers declined by half to 100,000 units in the second quarter of FY23 from the previous year, said Shanat Datta, chief financial officer of Runner Automobiles.

"What we see is that the operating expenses of buyers have increased because of the erosion of the purchasing power for higher consumer prices and an increased cost of fuel. Many buyers are deferring their purchase plans."

According to Datta, prices have shot up 30 per cent for the increased cost of dollars.

The American greenback has appreciated by about 25 per cent against the taka in the past one year as the foreign currency reserves of Bangladesh have depleted owing to escalated imports.

Runner Automobiles said it has taken several corrective actions, including cost rationalisation and discontinuation of non-value-adding activities.

It markets three-wheelers of Indian Bajaj Auto while its subsidiary, Runner Motors Ltd, is the distributor of light and heavy-duty trucks and pick-ups made by Volvo Eicher Commercial Vehicles.

Overall sales of bikes and three-wheelers declined by half to 100,000 units in the second quarter of FY23 from the previous year

Runner's three-wheeler manufacturing plant is going to begin commercial production in the third quarter of this year.

"Hopefully, with the execution of the plan, Runner's profitability and overall competitiveness will see a good improvement," said Runner's Company Secretary Md Mizanur Rahman in the price-sensitive information.

With a manufacturing plant in Bhaluka, Mymensingh, Runner Auto has the capacity to manufacture about 500 units of two-wheelers per day and 100,000 units annually.

It had a 4 per cent market share in the two-wheeler segment in 2021-22. In the three-wheeler segment, its market share grew to 34 per cent at the end of 2021-22.

The auto seller posted Tk 46.70 crore in net profit in 2021-22, down marginally from Tk 47.39 crore a year ago, according to its annual report.

Runner Automobiles' consolidated net operating cash flow per share, a measure of a firm's financial strength, surged to Tk 15.86 in July-December against Tk 4.99 in the first half of FY23.

The consolidated net asset value, which represents the value of an entity's assets minus the value of its liabilities, fell to Tk 62.61 per share on December 31 from Tk 66.50 on June 30.

Ramadan items

FROM PAGE B1

Aslam Bhuiyan, a fruit retailer in Karwan Bazar, one of the biggest kitchen markets in Bangladesh, says a regular quality date that was priced at Tk 120 per kg a week ago is now being sold at Tk 130.

The price of good quality dates has gone up by Tk 100 to 300 in a span of a week.

"Due to the escalated price of the dollar and the supply shortage, the price may go up further," Bhuiyan warned.

The American greenback has appreciated by about 25 per cent against the taka in the past one year as the foreign currency reserves of Bangladesh have depleted owing to escalated imports.

Owing to the dollar shortage, businesses are finding it difficult to open LCs to buy items from international markets.

Shafi Mahmud, president of the Bangladesh Dal Babosayee Samity, a platform of businesses involved in the trading of lentils, claimed that the demand was lower currently than the supply.

"Ramadan is approaching but businesses are already facing trouble

in opening LCs due to the dollar shortage. If the dollar crunch is not sorted out, the price will increase a lot during Ramadan."

Abdul Hakim, a commodity importer in the Khatunganj wholesale market, says the import process usually begins three months before Ramadan.

"However, a huge amount of goods has been stuck at the port due to the complexity in opening and settlement of LCs on time. As a result, there has already been a tendency among a section of traders to stockpile goods to make higher profits during Ramadan."

Alam Hossain, a proprietor of Alam Store in the Chawkbazar market, says apart from Ramadan, the demand for chickpeas and peas is always there.

"The prices of the items usually go up 15 days before Ramadan. Now, the prices have begun to rise two months before the fasting month begins. This is largely because of the supply shortage."

Any price control mechanism will not work if imports don't return to normalcy, he added.

Hike gas prices in phases

FROM PAGE B1

difficulties to afford the high priced gas of different sources.

As a result, the government should adjust the prices of gas of different sources so the industrial units can purchase those at affordable rates.

In the letter, the BGMEA also said the prices of raw materials for garment items have already soared in the local markets because of the fresh gas price hike, because of which the production cost has also gone high.

It would be difficult to stay competitive in global business because of the unusual price hike of gas in the domestic markets, the letter said.

The price hike of gas will also affect the inflation level in the local markets as the bank loan interest rate will also rise.

The workers will be facing the severe impacts of the price hike of the essentials and there is a possibility of a worker unrest to take place in the country, the BGMEA said.

The law and order situation may deteriorate following such price hike and suffering of the workers, the

letter said.

On January 18, the government raised the retail price of gas by 14.5 per cent to 178.9 per cent for industries, power plants and commercial establishments, who together account for 78 per cent of gas use in Bangladesh, as it looks to lessen its unsustainable subsidy burden amid a narrow fiscal space.

From next month, the price of gas used for power generation will be Tk 14 for each cubic meter, up 178.9 per cent from the existing rate, as per the gazette notification from the ministry of power, energy and mineral resources.

That would be a 150 per cent hike for large industries, 154.7 per cent for medium industries and 178.3 per cent for small and cottage industries.

For captive power plants, it would be an increase of 87.5 per cent.

Commercial establishments like hotels and restaurants will have to pay at Tk 30.5 per unit, up 14.5 per cent from the existing rate.

The tariff for households, fertiliser production, CNG-run vehicles and tea gardens will remain unchanged.

FMCG sales drop

FROM PAGE B1

to rely on imports to sell their products in Bangladesh have been affected more than those that manufacture products locally, said Md Sahabuddin, company secretary of Marico Bangladesh, a multinational company.

He, however, thinks that the FMCG is a large market, so a higher inflation might not hurt it severely.

Pran's Kamal says his company had tried not to hike prices initially and instead went for downsizing the products so that the prices could be kept unchanged.

"Only when it was not possible, we increased the prices, and most of the companies also did the same."

Shamima Akhter, director for corporate affairs at Unilever Bangladesh, says: "2022 had been one of the most tumultuous years we

experienced as the country navigated unprecedented commodity cost escalation, supply lines gridlocks, currency depreciation, and heavy flash floods in the north."

"But despite all the headwinds, what is good for Bangladesh is good for Unilever" as we continued to serve our consumers with their much-needed essential products."

The second half of 2022 was especially challenging as the inflationary environment impacted the consumption, leading to a volume decline and leading toward higher production costs, Shamima said.

"We have focused on driving productivity efficiencies hard to generate savings that offset some of the cost increases. At the same time, we are invested more in product quality and brand support to ensure

that they offer superior performance and great value."

Md Shafiqul Islam, a private sector employee who lives in the capital's Shewrapara, says the prices of all products have risen in the past one year.

"So, I have had no other option but to slash expenses since my salaries have not gone up in line with the hike in the cost of living. So, I have cut the consumption of some products that are relatively less important."

Cutting VAT

FROM PAGE B1

"We have given some exemptions at the import level for the convenience of consumers. Still, there has been a fall in collection," he said.

"But hopefully by the end of the fiscal year, we can get closer to the revenue target," Muneem added.

Germany to avoid recession this year: govt

AFP, Frankfurt

Germany is set to narrowly escape a recession this year, the government said Wednesday, as Europe's biggest economy weathers the fallout from the Ukraine war better than expected.

Industrial powerhouse Germany is forecast to eke out growth of 0.2 per cent in 2023, the economy ministry said in its latest projections.

Back in October, when fears were running high about soaring energy costs in the wake of Russia's war in Ukraine, Berlin was bracing for a contraction of 0.4 per cent in 2023.

The more optimistic outlook comes as massive government intervention has helped keep the lid on energy costs for households and businesses after Russia cut deliveries of natural gas last year.

As well as criss-crossing the globe

to find alternative suppliers, the German government has unveiled a 200-billion euro (\$212-billion) support package to cushion the energy crisis, including a cap on electricity and gas prices.

Mild winter weather and falling wholesale gas prices recently have further bolstered confidence that the expected downturn won't be as painful as initially thought.

"The German economy as a whole has proved resilient," the ministry said in an annual report.

"Consumers have also done their part by making major energy savings." The German economy already defied predictions by dodging a contraction in the final quarter of 2022, official data showed last week.

Over the whole of 2022 output expanded by 1.9 per cent, the data showed, better than analysts had predicted.

Bangladesh a key sourcing destination

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that the British company will source more garment items from Bangladesh.

The local manufacturers are capable to supply any quantity of goods as they have increased their capacities over the years, the minister said.

Previously, some foreign-skilled workforce was employed in the garment sector, but currently local human resources have been developed and they are catering for the sector's needs, he said.

Munshi also said the exporters and the government have been working

to achieve the target of \$100 billion apparel shipment by 2030, up from \$42 billion made in the last fiscal year.

Bangladesh is still capable of supplying garment items at low prices despite stiff global competition, Prime Minister's Adviser Rahman said.

The local garment exporters faced a difficult time because of the cancellation of work orders by some international retailers and brands during the Covid-19 pandemic, he said.

Both Munshi and Rahman demanded fair prices from the international retailers and brands.

Jute sector SMEs to join US trade show

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"This is just the beginning though as we want to see our SMEs participating in trade shows like this worldwide," Rahman added.

He then informed that the SME Foundation will host the international SME Fair this year.

In fiscal 2021-22, Bangladesh's total exports of the jute sacks, bags and other goods amounted to \$224 million. In the first six months of the current fiscal, about \$116 million worth of jute products have been shipped abroad.



A total of 14 small and medium enterprises from Bangladesh will showcase diversified jute products at the US trade show that usually attracts thousands of buyers from the US and Canada.

PHOTO: STAR/FILE

Jute sector SMEs to join US trade show

STAR BUSINESS REPORT

A total of 14 small and medium enterprises (SMEs) from Bangladesh are going to showcase their jute products at a four-day trade show, styled "NY NOW Winter Trade Show 2023", to be held in New York City from February 5.

Anwar Faruque, an adviser of the Feed the Future Bangladesh Horticulture, Fruits, and Non-Food Crops Activity funded by USAID, shared this information during a press conference at Doreen Hotel in Dhaka yesterday.

The SMEs are: Aasiix International, Adorsholipi, Design by Rubina, Golden Jute Product, Jermatz Limited, Jute Land Bangladesh, Jutemart and Craft in Bangladesh, Jutemart International, Karujog, Prokritee, Sami's World, Sutar Kabbo Limited, The Jute Fibers BD, and Tulika Eco.

The participants were selected based on predefined criteria, according to Faruque, who is also a former secretary of the agriculture ministry.

Protima Chakraborti, managing director of Jute Land Bangladesh, said the trade show has created new possibilities for the company as they aim to expand their growth in US and Canadian markets.

"I am hopeful about the experience and knowledge we will gather from this event," she added.

Dilshadul Haque Shimul, director of Adorsholipi, said he works with Bede people, a minority group native to the country's northern region, to produce his jute products.

"The event will be a great opportunity for us to represent Bangladesh on a global scale," Shimul added.

Lilly Nicholls, the Canadian high commissioner to Bangladesh, said her government is happy to support the SMEs.

"Hopefully, we will continue to be a supporting force for the development of Bangladesh's jute industry," she added.

Joseph Lessard, acting office director of USAID's Economic Growth Office, said the trade show is a global platform that attracts thousands of buyers from the US and Canada, making it an excellent opportunity to showcase Bangladesh's artisan-based jute diversified products.

Md Mafizur Rahman, managing director of the SME Foundation, said they would provide any support necessary to improve the market reach of local SMEs.

READ MORE ON B3

Singer posts lowest profit in 14 years

STAR BUSINESS REPORT

Singer Bangladesh yesterday announced that it registered Tk 7.3 crore as profit after tax in 2022, the lowest in 14 years, attributing the increased cost of raw materials, higher freight rates and devaluation of taka against the US dollar for the fall.

The electronic and home appliance company said its profit after tax nosedived by 86 per cent last year from 2021 even though its turnover increased at the same time.

"The company continued to implement a number of marketing initiatives during the year to improve sales," it said

Singer recorded 8.1 per cent growth in turnover to reach Tk 1,710 crore in 2022 from the previous year, according to a statement.

"The company continued to implement a number of marketing initiatives during the year to improve sales," the multinational company said while announcing 10 per cent cash dividend for shareholders.

Singer, one of the largest retailers of consumer durables in Bangladesh with 437 outlets, also said its earnings per share decreased to Tk 0.73 in 2022 from Tk 5.2 the year prior.

This is mainly because of a lower margin in the third and fourth quarters along with a higher

effective tax rate (ETR), said the company, which sells all categories of consumer durables under the Singer and third-party brands in Bangladesh.

"During the year, the cost of sales increased significantly. The cost increased due to price hikes of raw materials, freight, devaluation of taka and Russia-Ukraine crisis," said Singer, which is listed with the Dhaka and Chattogram bourses.

"But the company's strategy was to remain competitive in the market because of the price sensitivity both from consumers and competitors end. For that strategy, Singer could not adjust significant cost increases with the sales price, resulting in lower profit," it added.

Stocks of Singer remained unchanged at Tk 151.90 yesterday at the Dhaka Stock Exchange.

The multinational company said it continued to focus on managing operating expenses, which was 18.5 per cent of its revenue in 2022, up slightly from 18.1 per cent the previous year.

"The expenses grew at a rate less than revenue growth."

Singer said it spent more on financial expenses in 2022 than a year earlier mainly for utilisation of borrowing at a higher level.

The electronic and home appliance manufacturer and marketer said it will further accelerate its operations in the medium to long term.

With 57 per cent owned by Retail Holdings Bhold B.V., a Dutch private company, Singer Bangladesh has more than 1,000 wholesale dealers apart from its own stores.

Berger's profit drops 16%

STAR BUSINESS REPORT

Berger Paints Bangladesh said its net income declined 16 per cent between October and December 2022 as rising import costs for raw materials erased sales gains due to the devaluation of the local currency, taka.

The multinational company said its net profit stood at Tk 68.30 crore in the third quarter of the financial year from Tk 81.24 crore.

As such, its earnings in nine months to the end of December grew only 2.26 per cent although Berger recorded 17.5 per cent sales year-on-year growth to Tk 1,890 crore in the April-December period of 2022 from a year ago.

Its earnings rose Tk 204 crore in the April-December period from Tk 200 crore a year ago, said the company in its financial statement released yesterday.

Consolidated earnings per share stood at Tk 44.16 for April-December 2022 against Tk 43.18 for April-December 2021, said Berger, one of the biggest paint makers in Bangladesh.

"Despite significant growth in revenue during April-December 2022 period, the same was not reflected in EPs due to higher cost of raw materials impacted by currency devaluation compared to last year," it said in a posting at the Dhaka Stock Exchange.

Net operating cash flow per share also decreased mainly due to an increase in suppliers' payments for strategic inventory build-up, advance payment made to the bank for LCA's dues and also higher payment of advance income tax at the import stage, said Berger.

DCCI for major reforms in arbitration, company acts

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce & Industry (DCCI) has called for substantial reforms to the Arbitration Act 2001, the Bankruptcy Act 1997 and the Companies Act 1994 in order to attract investments from both local and foreign investors.

"Amendments should be made keeping the business sector in mind so that businesses can enforce contracts easily and resolve any commercial disputes expeditiously," said DCCI President Md Sameer Sattar.

He made the suggestions when the board of directors of the DCCI called on Prime Minister's Private Industry and Investment Adviser Salman Fazlur Rahman at his office at the Bangladesh Investment Development Authority (Bida) in Dhaka on Tuesday.

In a press release, Sattar underscored the importance of both local and foreign investment in Bangladesh in order to overcome the current economic challenges in this volatile global economic situation.

In this connection, he suggested substantial reforms to the Arbitration Act 2001, the Bankruptcy Act 1997 and the Companies Act 1994.

He called for setting up a separate commercial court that may ease the process of contract enforcement and resolution of disputes in an expeditious manner and reduce the backlog of pending commercial disputes.

The bankruptcy laws also need an overhauling to make it applicable to companies and more business friendly so that sick companies can be restructured in an effective manner rather than

"Amendments should be made keeping the business sector in mind so that businesses can enforce contracts easily and resolve any commercial disputes expeditiously," said DCCI President Md Sameer Sattar

being pushed to closure through liquidation, Sattar said.

"It needs to be more commercially viable. This will attract foreign direct investments. In this regard, Bangladesh can adopt the best international standards from other developed jurisdictions."

Sattar emphasised an effective and fully integrated One-Stop Service (OSS) of the Bida, preferably throughout the country, for the greater convenience of the existing businesses and upcoming investors.

All institutions connected to the OSS must operate in such a manner that investors don't have to go to various institutions separately once an application is made to the Bida's OSS, he said.

"This will undoubtedly encourage foreign investors as well to invest in Bangladesh."

The chamber leader emphasised that following Bangladesh's graduation from the group of least developed countries, the country needs to ensure a competitive and self-sufficient business environment in order to attain double-digit GDP growth.

"During this transitional time, Bangladesh will have to ensure sustainable economic growth and maintain a resilient private sector."

In the press release, Salman Fazlur Rahman said due to the adverse effects of the pandemic and the Russia-Ukraine war, the world economy is going through a critical time.

Under such circumstances, FDI and global trade flow can be a greater enabler of the desired economic recovery of Bangladesh, he said highlighting the resurgence of the local and backward linkage industry through substantial investment.

Regarding the Bida's OSS, the adviser said required developments are underway for a national, effective and interoperable OSS to benefit both potential local and foreign investors and underscored the importance of increasing Bangladesh's tax-to-GDP ratio.

Bangladesh-Korea trade exceeds \$3b

DIPLOMATIC CORRESPONDENT

Bilateral trade between South Korea and Bangladesh reached a new height in 2022, exceeding \$3 billion, nearly 40 per cent up from the previous year.

The bilateral trade stood at \$3.04 billion last year, up from \$2.19 billion in 2021, an increase of 38.71 per cent year-on-year, according to data from the Korea International Trade Association.

Last year, Bangladesh's export to Korea increased by 22.9 per cent to \$678 million. It was \$552 million in the previous year.

Korea's export to Bangladesh rose 44 per cent to \$2.36 billion from \$1.64 billion in 2021. Bangladesh's export to Korea has been continuously increasing since it crossed \$100 million in 2007 for the first time and reached \$200 million in 2011 and \$300 million in 2013.

It remained stagnant for about a decade and shrank in 2020 due to the adverse impact of the Covid-19 pandemic. It rebounded strongly in 2021 to \$552 million and retained the momentum in 2022 as well as global economies recovered from the pandemic-induced slowdown.

The main export items of Bangladesh to Korea are readymade garments, sports and leisure items and bronze scraps. The readymade garment, which grew more than 25 per cent year-on-year last year, accounted

for 83.2 per cent of the total shipment to the east Asian nation in 2022.

Paper products and food exports surged 168.6 per cent and 165 per cent to \$3.6 million and \$3.1 million, respectively. The export of bronze scraps climbed 41.8 per cent to \$17.76 million, data from the association showed.

On the other hand, the increase in Korea's export to Bangladesh in 2021 and 2022 was mainly led by the hike in the imports of diesel, which rocketed by 703.8 per cent to \$972 million last year.

Other major export items from Korea to Bangladesh are machinery, petrochemical products, steel and pesticides.

In a statement, Korean Ambassador to Bangladesh Lee Jang-Keun said 2023 marks the 50th anniversary of diplomatic ties between Korea and Bangladesh, which will prove to be a turning point in the bilateral relations, overcoming the challenges of the pandemic and the global economic slowdown derived from the Russian-Ukraine war.

He expected Bangladesh's business sector to take the advantage of the preferential trade policy of Korea, which has been providing duty- and quota-free access to its market for 95 per cent of Bangladesh's products since 2008.

Bangladesh also provides at least a 4 per cent cash incentive on the shipment to Korea, a non-traditional market.

