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Prime Bank

#### Rising rubber production helping local tyre industry

JAGARAN CHAKMA

Rising rubber production in Bangladesh is helping local tyre manufacturers cut the country's reliance on the imports of the product used in making bicycles, motorcycles, three-wheelers and easy bikes, said an industry insider.

According to the Bangladesh Rubber Board and producers, 67,939 tonnes of raw rubber were grown last year, up 58 per cent from 43,000 tonnes in 2021, driven by an increase in the number of gardens and acreages under cultivation.



**Luthful Bari** 

Growers put the size of the local raw rubber market at Tk 1,020 crore. Both producers and processors are benefitting from the rising production.

"This is because growers can sell their produce while processors don't have to import raw rubber," said Luthful Bari, chief operating officer of Meghna Group, one of the major rubber users in the country, during an interview with The Daily Star on Saturday.

"The local production saves at least Tk 250 crore in foreign currencies every

Meghna Group's enterprise Meghna Innova Rubber Co Ltd, Hussain Tyre, and Gazi tyre are the

READ MORE ON B3

#### NPLs in % of total loans 2012 **OVER THE YEARS** In crore taka; 2020 2021 2022 60,000 80,000 100,000 120,000 140,000 20,000 40,000

# Relaxed rules can't tame default loans

AKM ZAMIR UDDIN

Default loans in Bangladesh's banking sector jumped 17 per cent year-on-year to Tk 120,656 crore last year owing to a lack of corporate governance and the ongoing business slowdown.

As a result, the ratio of bad loans rose to 8.16 per cent of the outstanding loans in December compared to 7.93 per cent in the same month in 2021, data from the Bangladesh Bank showed.

Analysts say that the forbearance for loan repayments and the relaxed loan rescheduling policy offered by the central bank have failed to rein in the upward trend of non-performing loans (NPLs).

however, decreased 10.2 per cent in the final quarter

**© 16704** "The trend of the last quarter position than the actual scenario.

can't be considered as a major progress as many banks might have reported a lower-thanactual volume of bad debts through window dressing," said Institute of Bangladesh.

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Window dressing refers to the of 2022 from Tk 134,396 crore manipulation of accounts so as relaxed the rules on rescheduling to present financial statements in a way that portrays a better loans.

Mansur, also a former official of the International Monetary Fund, said banks normally recover a nominal amount of

loans compared to hefty unpaid Ahsan H Mansur, executive installments just before the end director of the Policy Research of a year in a bid to paint a rosy picture of their balance sheets. The central bank has recently

to bring down the rate of default and rescheduling policies in line

In July, the BB allowed defaulters to reschedule term loans, whose repayment tenure is more than a year, by giving only 2.5-6.5 per cent down payment of their total NPLs instead of the previous 10-30 per cent.

Similarly, the down payment for the NPLs related to working capital or demand loans was made 2.5-5 per cent from 5-15 per cent previously.

"Such a relaxation has apparently painted a better picture of the banking sector. But it will erode the strength of the sector in the long run," said Mansur, also the chairman of Brac Bank.

"A lower amount of default loans usually helps shareholders enjov a better profit."

Mansur suggests the central bank align its loan classification

#### NBR plans to widen bonded warehouse facility

STAR BUSINESS REPORT

The National Board of Revenue plans to bring more export-oriented sectors under the bonded warehouse privilege so that entrepreneurs can import raw materials duty-free, said its chief

"Upon completion of the present bond automation project, it will be feasible to expand it. If the facility is extended before the automation, it might be misused," said NBR Chairman Abu Hena Md Rahmatul Muneem.

He made the comments at a pre-budget meeting at the NBR's head office in the capital's Agargaon with the Bangladesh Investment Development Authority (Bida), the Bangladesh Export Processing Zones Authority (Bepza) and the Bangladesh Economic Zones Authority (Beza).

The agencies placed a number of proposals seeking tax benefits. The NBR organised the meeting to hear the views and concerns of businesses and stakeholders as part of its preparation to framing tax proposals for the fiscal vear of 2023-24, which begins in July.

Studies have shown that a good export market for shoes, leather goods and bicycles has been created. And discussions are going on whether they can be given some support even before the completion of the bonded automation project, Muneem added.

The bonded warehouse facility allows exportoriented industries to import raw materials and packaging materials without paying any duties or taxes. READ MORE ON B2



OIL S	COMMODITIES AS OF FRIDAY		
	Gold 📤	Oil 🔻	
	\$1,842.64 (per ounce)	\$76.43	
	(per ourice)	(per barrel)	

				FRIDAY CLOSINGS
	MUMBAI	токуо	SINGAPORE	SHANGHAI
	0.52% 61,002.57	0.66% 27,513.13	0.52% 3,328.37	0.77% 3,224.02

A stall attendant lets visitors have a better look at bedsheets at the monthlong Chattogram International Trade Fair on the Railway Pologround in the port city. Organised by the Chittagong Chamber of Commerce and Industry, the fair aims to promote domestic products at home and abroad. The photo was taken yesterday. PHOTO: RAJIB RAIHAN

#### UK seeks level-playing field for investment

STAR BUSINESS REPORT

A level-playing field needs to be maintained for foreign companies interested in investing and operating in Bangladesh, emphasised the United Kingdom (UK) in a statement after a dialogue yesterday.

The UK also invited Bangladesh to engage with its private sector to pursue a commercial dispute resolution system to unlock the full potentials of foreign direct investment (FDI) in the south Asian country.

The second Bangladesh-UK Trade and Investment Dialogue was held in Dhaka with Tapan Kanti Ghosh, senior secretary to the commerce ministry, representing the Bangladesh side.

British High Commissioner to Bangladesh Robert Chatterton Dickson and Trade Commissioner for South Asia Alan Gemmell led the UK delegation.

Though FDI is increasing in Bangladesh, it is still not at the rate expected. Bangladesh's net FDI inflow rose 47 per cent year-on-year to \$2.6 billion during the January-September period of 2022, according to Bangladesh Bank data.

In 2021, Bangladesh received \$2.89 billion in FDI while Vietnam \$19.74

The government had targeted to attract \$32 billion in FDI during the Seventh Five-Year Plan period stretching from fiscal year 2015-16 to 2019-20.

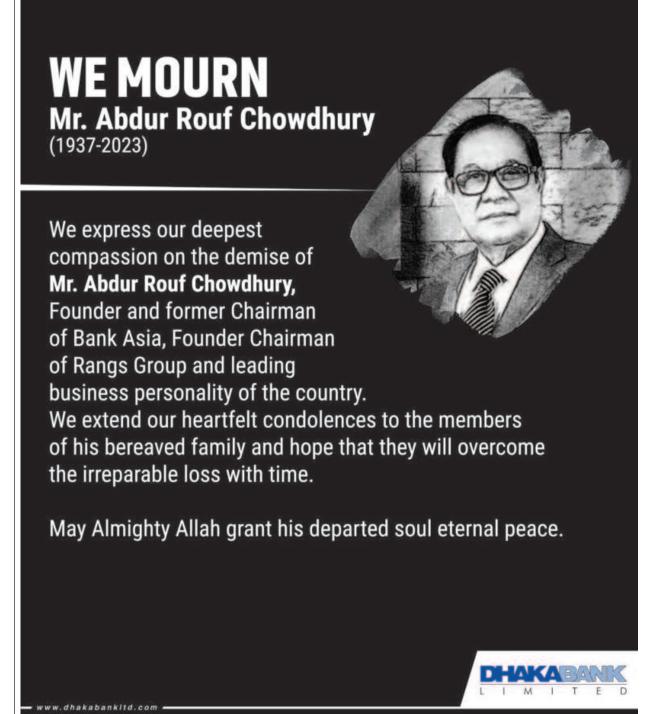
#### US remains top source of remittance

STAR BUSINESS REPORT

For the second consecutive quarter, the United States of America has been the biggest source of remittance for Bangladesh, leaving the Kingdom of Saudi Arabia (KSA) in second place even though the Middle Eastern nation hired the highest number of workers during the period.

Bangladeshis in the North American country sent \$966.89 million in the October-December period of 2022, up nearly 16 per

READ MORE ON B3





Workers turn paddy to evenly dry them out in the sun as a part of the process for availing rice in a mill in Jamalpur's Sarishabari upazila. A day's work earns each of them Tk 600. The photo was taken near Digpait Bazar at the start of this month.

# Cultivation of zinc-rich rice yet to catch on

Experts blame low demand due to a lack of awareness

STAR BUSINESS REPORT

The cultivation of zinc biofortified paddy is yet to reach sufficient levels due to low demand stemming from a lack of awareness on the benefits of consuming the grain, according to various experts.

Zinc deficiency is a major concern in Bangladesh as about 32.5 per cent of the children and 45.40 per cent of women in the country do not consume adequate amounts of the essential nutrient.

As a result, many of them are suffering from stunted growth and malnutrition.

"But it would be possible to eliminate this issue by consuming zinc-fortified rice as about 70 per cent of a person's daily requirement can be obtained from the grain," said Ashek Mahfuz, portfolio lead of the Global Alliance for Improved Nutrition (GAIN), a Geneva-based non-

popularised among the people to foster demand and subsequently increase production across the country," he added.

Mahfuz made these remarks at roundtable, styled "Opportunity Reducing Malnutrition through Biofortified Zinc Rice in Bangladesh", jointly organised by GAIN and Empiric Research Limited at the Hotel Sheraton Dhaka yesterday.

Speaking as chief guest, Agriculture Minister Muhammad Abdur Razzaque said zinc deficiency in women and children has reached alarming levels.

"During the coronavirus pandemic, we clearly understood the necessity of zinc in our diet," he added.

Razzaque then said they have long been working on reducing vitamin, iron and iodine deficiencies in the country.

"Now, we want to work on zinc. For this, a well-planned target has to be taken "So, zinc-fortified rice should be at the public and private levels," he added. the highest concentration of the nutrient. GAIN, spoke at the event.

Moshiur Rahman, an agronomy professor of Bangladesh Agriculture University, said along with bringing changes in the cropping pattern, diversifying the peoples' diet to include zinc should also be prioritised.

Shaikh Mohammad Bokhtiar, executive chairman of the Bangladesh Agricultural Research Council, said all concerned should broaden their focus on cultivating other zinc-rich crops along with paddy.

He also insisted on raising awareness on the benefits of zinc-rich foods through countrywide campaigns.

Md Shahjahan Kabir, director general of the Bangladesh Rice Research Institute (BRRI), said the human body requires 11 milligrams of zinc each day as it cannot produce or store the nutrient on its own.

So far, the BRRI has developed seven zinc-rich varieties of rice.

Among them, the BRRI Paddy-84 has

"The BRRI is now bringing high zincrich rice. The concentration of zinc in the rice available is about 45 parts per million," Kabir added.

Md Momtaz Uddin, additional secretary of the food ministry, said they are buying zinc rice from different districts to provide people with nutrient-rich food under various support programmes.

"To ensure nutrition among lowincome people and encourage farmers to cultivate zinc rice, the ministry will

continue such programmes," he added. The event was chaired by Wahida Akter,

secretary to the agriculture ministry. Among others, Badal Chandra Biswas, director general of the Department of Agricultural Extension, FH Ansarey, president of ACI Agribusiness, Golam Iftekhar Mahmud, special correspondent of Prothom Alo, and Rudaba Khondker, country

# Nestle plans price hikes

REUTERS, Zurich

The world's biggest food group Nestle will push through further price increases this year, Chief Executive Mark Schneider said on Thursday, after more expensive ingredients contributed to lower 2022 profits.

He declined to comment on the planned level of price increases, which he said were necessary to offset the damage caused by commodity price

For consumers, whose spending power has already been cut by inflation at multi-decade highs, they are likely to add to concerns about strained household budgets and weakened

The maker of Nescafe instant coffee and KitKat chocolate bars raised prices by 8.2 per cent last

But the measures did not fully offset the increased cost of ingredients such as coffee and dairy products, meaning profit margins dwindled.

"Our gross margin is down about 260 basis points - that is massive. That is after all the pricing we have done in 2022," Schneider told reporters. Price adjustments are likely to vary depending

on markets. "We have some markets, like the US and UK where we see strong continued inflation, and other markets like China and like here in Europe

where inflation is more muted," Schneider said. The packaged goods industry has also increased prices to cope with surging costs for almost all raw

Already, it had been disrupted by supply-chain bottlenecks caused by the pandemic when Russia's invasion of Ukraine almost a year ago added to rising costs for energy and other commodities.

Schneider said inflationary pressures from logistics and more expensive arabica coffee and dairy products have eased, but remained high.

Sales volumes and mix were resilient, he added, rising by 0.1 per cent during 2022. Together with the 8.2 per cent increase in pricing, this brought Nestle's full-year organic sales growth to 8.3 per cent.

Nestle said it targeted organic sales growth which cuts out the impact of currency moves and acquisitions - in a range of 6-8 per cent in 2023.

During 2022 the company's reported sales increased 8.4 per cent to 94.4 billion Swiss francs (\$102.31 billion).

#### **PRICES OF KEY ESSENTIALS** N DHAKA CITY PRICE % CHANGES (FEB 19<sub>,</sub> FROM A FROM A 2023) MONTH AGO Fine rice (kg) Tk 60-Tk 75 1.5 5.47 2.04 Coarse rice (kg) Tk 48-Tk 52 5.26 Loose flour (kg) Tk 56-Tk 60 -3.33 💠 65.71 🕇 -4.88 👃 Lentil (kg) Tk 95-Tk 100 Soybean (litre) Tk 168-Tk 172 0.59 6.25 Potato (kg) Tk 20-Tk 25 -10.64 🖶 Tk 30-Tk 35 -18.75 👃 Onion (kg) -27.78 🖶 Tk 47-Tk 50



Zafar Alam, managing director of Social Islami Bank, attended a meeting with Hajj agencies of Chattogram region at Peninsula Chattogram in the port city on Saturday. Mohammad Forkanullah, deputy managing director, presided over the meeting, where Prof Mohammad Gias Uddin Talukder, chairman of the Central Shariah Board of the Islamic Banks of Bangladesh, and Mohammad Shah Alam, vice-president of the Hajj Agencies Association of Bangladesh, were present. PHOTO: SOCIAL ISLAMI BANK



**ANNUAL BUSINESS CONFERENCE 2023** 



Md Abul Bashar, chairman of NCC Bank, attended an annual business conference for executives and branch managers at the Grand Sultan Tea Resort and Golf in Sreemangal, Moulvibazar yesterday. Mohammad Mamdudur Rashid, managing director, presided over the ceremony, where Sohela Hossain, vice-chairman, SM Abu Mohsin, chairman of an executive committee, and Amjadul Ferdous Chowdhury, Khairul Alam Chaklader and Mohammed Sazzad Un Newaz, directors, were present.

#### NBR plans to widen bonded warehouse

FROM PAGE B1

It aims to encourage industrialisation, facilitate exports and enhance the competitiveness of the products made in Bangladesh.

The facility has been extended to export-oriented readymade garments and shipbuilding industries as well as deemed exporters of packaging materials, cartons, labels, polybags, buttons and hangers.

The Bepza recommended a 12-year tax rebate facility for technologyrelated and non-traditional products besides garments.

The Bida recommended that the rate of deduction of tax at source applicable on the income of nonresidents be 5 to 10 per cent instead of 20 per cent.

It proposed the withdrawal of the

current 1 per cent advance tax on raw materials and spare parts as well as the reduction of the advance tax rate in all cases to 3 per cent. A new entitlement policy on bonded warehouses should be framed,

said the Business Initiative Leading

Development (BUILD) in its budget

proposal, which was also placed in the same meeting. The think-tank also demanded place putting in separate administrations formulating

policies and collecting revenue. "The NBR makes tax policies and collects taxes, but this creates problems on many occasions," said BUILD Chief Executive Officer Ferdaus Ara.

In reply, Muneem said it may be examined.

He, however, said he did not understand why the demand was being raised.

"Laws related to tax, VAT and income taxes are very technical and complex. So, none can frame policies if they don't have strong expertise in these areas.'

#### Luxury sector eyes

FROM PAGE B4 With the

restrictions having restrained consumption, the reopening of the Chinese economy is being looked at as a growth opportunity for 2023.

Analysts at UBS say 2023 will be the "year of the Chinese consumer", noting that the pandemic restrictions pushed down the share of Chinese consumers in global luxury spending to 17 per cent last year, compared with 33 per cent before the pandemic.

"The Chinese clientele is much more important than it was in 2019," LVMH's financial director Jean-Jacques Guiony told journalists.

Guiony does not expect Chinese tourists to return to Europe, where they traditionally spent heavily on luxury goods, before next year. Instead, luxury groups are focusing

on Chinese consumers at home. LVMH's Arnault said it was no secret that China needs growth and that the government would likely take steps to facilitate economic

expansion as the country reopens.

"If that is indeed the case -- and it began in the month of January -- we have every reason to be confident, even optimistic about the Chinese market," he said at the presentation of LVMH's 2022 results.

China is a "volcano ready to explode", said Arnaud Cadart at asset manager Flornov Ferri.

"There is an incredible amount of savings that has been built up, an incredible reserve in the hands of the well-off class which wants to purchase luxury goods," he added.

Cadart estimated the luxury market in China could jump by 30 per cent this year.

Kering's chief executive Francois-Henri Pinault visited China at the end of January and said he was amazed by the people thronging stores "like the virus had never been in China".

"This is a good sign," said Pinault, who also welcomed moves by Chinese authorities to boost domestic consumption.

#### New platform to thwart

FROM PAGE B4

Munshi said people are getting various benefits of digitalisation such as shopping online for convenience.

As a result, the coverage of e-commerce has expanded a lot when fraudulent practices have also increased, he said.

"We all have to be aware of this,"

he said.

At the event, State Minister for Information and Communication Technology Zunaid Ahmed Palak said the popularity of e-commerce has increased as it has eased the lives of people.

All are getting the benefit of national emergency service by dialing 999, he said.

#### BASIS SoftExpo

FROM PAGE B4

Parliament Shirin Sharmin the exhibition, the organisers said at the press briefing.

Post and Telecom Minister Mustafa Jabbar and State Minister scheduled to attend the event as this year.

special guests.

BASIS has been holding bilateral Chaudhury is expected to inaugurate meetings and making different business agreements to accelerate business in various countries of the world. B2B Matchmaking will be held between Bangladeshi companies for ICT Zunaid Ahmed Palak are and foreign companies in the fair

#### **BGMEA** seeks French dev assistance for SMEs

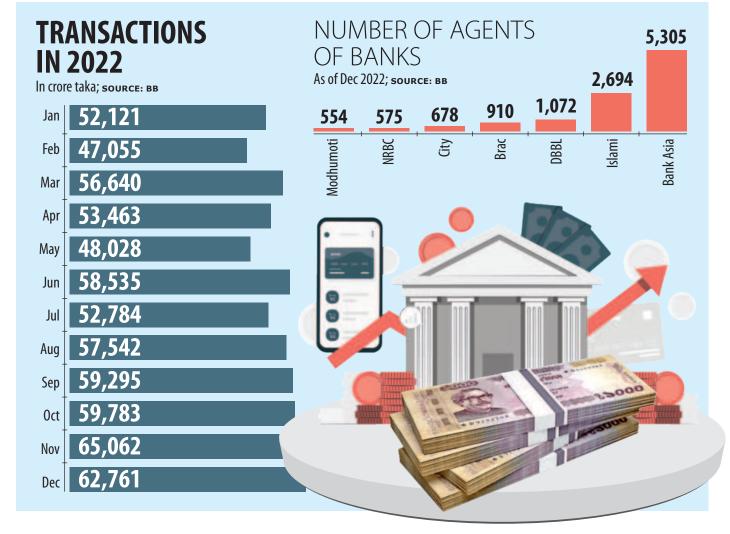
STAR BUSINESS REPORT

Bangladesh Manufacturers and Association (BGMEA) has urged Proparco, a subsidiary of the French AFD Group focused on private sector development, to provide low-cost funds to small Bangladeshi

Small-scale firms struggle to secure financing from the usual sources for failing to fulfil some mandatory conditions which sometimes require going through tedious processes and bureaucratic tangles, it said.

BGMEA President Faruque Hassan made the call in a meeting with a delegation of Proparco in Paris on February 18 to discuss possible collaboration to support the sustainable development of Bangladesh's garment industry.

The BGMEA president apprised the Proparco team of the progress made by Bangladesh's garment industry in areas of workplace safety, social and environmental sustainability and workers' wellbeing.



## Agent banking transactions climb over 46% in 2022

MD FAZLUR RAHMAN

Transactions through agent banking accounts rose more than 46 per cent to Tk 673,069 crore in 2022 in Bangladesh riding on the increased use of the fastexpanding banking window, official figures showed.

It was Tk 460,981 crore in 2021, according to data from the e-banking and e-commerce statistics unit of the central bank.

Transactions jumped 27 per cent year-on-year to Tk 62,761 crore alone in

In 2013, the central bank introduced agent banking to provide banking services to underprivileged people in rural areas, especially those in remote areas.

Since than it has been booming as it is less costly compared to the traditional banking system and allows customers to receive various banking services in real time through an agent. At present, 31 banks are running agent banking activities.

There were about 1.75 crore agent banking accounts in Bangladesh at the end of 2022, up 25 per cent from 1.40 crore a year earlier.

The number of women accountnolders rose more than 26 per cent to 84.22 lakh. Male account numbers stood higher than that of urban.

at 87.96 lakh, an increase of 27.31 per cent from 69.09 lakh in 2021.

Of the total account-holders, 24.10 lakh are in urban centres and 1.51 crore are in rural areas.

The number of agents reached 15,226 at the end of 2022, up from 13,951 in 2021, BB data showed. Of them, 2,316 are in urban areas and 12,910 are in rural areas.

The Dhaka division has a maximum of 3,822 agents, which is 25 per cent of the total. The Mymensingh division has the lowest number of agents at 851, or 6 per cent of the total.

The top five banks in terms of agents are Bank Asia, Islami Bank Bangladesh Limited, Dutch Bangla Bank Limited, Brac Bank, and The City Bank, accounting

for 70 per cent of the total agents. The number of agent outlets stood at 20,836 in December, an increase of 8.25 per cent from 19,247 in the same month in the previous year.

The Dhaka division has the highest number of outlets at 25 per cent, followed by the Chattogram division, which has 22 per cent of the outlets.

higher than that of urban agents and the facilities are largely absent. number of rural outlets is about six times

covered by banking facilities through agent banking, said the central bank in its monthly report on agent banking.

In December, Tk 727 crore was disbursed in loans, up from Tk 552 crore in the same month a year earlier.

"Microcredit loans are disbursed more preferably through agent banking outlets compared to the traditional banking system," said the report.

Apart from cash deposit and withdrawal as well as securing loans, account-holders use the agent banking system to receive remittances, transfer funds and make utility bill payments.

Utility bill payments through the agent banking system stood at Tk 98 crore in December. This was, however, down from Tk 143 crore in the last month of 2021.

Migrant workers sent Tk 2,890 crore in remittance to their beneficiaries in December, a rise of more than 30 per cent from Tk 2,208 crore in the identical month of 2021.

Agent banking is getting popular as it provides financial services to people The number of rural agents is 5.6 times in areas where conventional banking

Moreover, the participation of women in financial activities is encouraging. of farm loans.

This means rural areas are quite Higher activities of agent banking in rural areas point to the financial inclusion of marginal people, said the BB report.

Jahirul Islam began running an agent banking outlet of Bank Asia Ltd in Patukhali village under Marichbunia union of Patuakhali sadar upazila towards the end of 2018. Still, this has been the lone agent banking outlet in the union of the southern coastal district.

"Agent banking has brought banking services to the doorsteps of the people. Now, people don't require travelling to the nearest town and spend money and time to receive financial services. People are also receiving remittances," the 31-yearold told The Daily Star over the phone on

Had there been no agent banking outlet, the residents of the union, which consists of eight villages, will have to travel about 17 kilometres to access banking services, said Md Rasel Mahmud, who works at the outlet.

The outlet, which serves about 5,000 clients, began disbursing loans in 2021 and three loans have been disbursed so far.

"The borrowers are paying installments regularly," Islam said, adding that the outlet would soon start the disbursement

#### Invest in agroprocessing, share knowledge **Bida urges US**

STAR BUSINESS REPORT

Bangladesh Investment Development Authority (Bida) has invited the US to invest in Bangladesh's agriculture sector and share its knowledge in agro-processing.

"We want investment in post-harvest infrastructure and management, food processing, cold chain logistics, organic fertiliser, agricommunication etc," said Lokman Hossain Miah, executive chairman of Bida.

He was addressing a luncheon meeting organised by the American Chamber of Commerce in Bangladesh (AmCham) at Sheraton Dhaka yesterday.

Enhancing agricultural productivity is also very critical for a climate-vulnerable country like Bangladesh which is why agricultural machinery manufacturing industry has been high prioritised in Bangladesh's industrial policy, he said.

"We are promoting mechanisation and the use of smart technology in agricultural operations like planting, weeding, application of fertiliser, harvesting, drying and storage," said Miah.

According to him, the US accounts for

the highest amount of foreign investment in Bangladesh or 20 per cent of all coming in from around the world.

The country has traditionally invested in energy, power, banking and insurance sectors, he said.

"We also want US investments to bring smart technologies in healthcare, medical devices, automobile and hospitality. I will also add blue economy sub-sectors, including deep-sea fishing, biotechnology and tourism," said the Bida executive chairman.

Making Bangladesh investment-friendly is a top priority, Miah said, adding that Bangladesh was building better infrastructure, using different technologies and creating friendlier policies.

As an apex investment promotion agency of Bangladesh, Bida is the highest authority for ensuring all necessary facilities, including sustainable policies, he noted.

He also claimed that 99 per cent of Bida's services were online. Investors can get 63 services of 23 service providers, including Bida, and the system is paperless, he said.

Syed Ershad Ahmed, president of AmCham, said the government should invest in improving infrastructure, especially logistics facilities, and human capital.

These are key factors that influence investors' decision to mobilise their hard-earned resources in a country like Bangladesh, he said.

The investors are contributing to the country's economic growth by creating job opportunities and bringing new technologies, he said.

"We would appreciate if these investors are cared much, especially the foreign investors, as they are already here in contrast to the new entrants," said Ahmed.

"...so that they may go for further reinvestment and of course play the role of brand ambassadors for Bangladesh to bring new FDI and innovations,'

Good polices in paper and verbal assurance of support by policymakers will not allure foreign investors, said the AmCham president.

Proper implementation of the favourable polices and friendly rules for FDI matters the most

# production

FROM PAGE B1

major consumers of rubber in the country

Meghna Innova Rubber needs 300 tonnes of semi-processed rubber a day to make tyres for bicycles, motorcycles and light commercial vehicles under the brand MTF, which is marketed at both local and export

The company buys raw rubber mainly from state-run Bangladesh Industries Development Corporation (BFIDC).

Bari said local manufacturers are capable of meeting 100 per cent demand for tyres used in bicycles, motorcycles, three-wheelers, easy bikes and light commercial vehicles. The country was dependent on the import of tyres for these segments only 12 years ago.

"Local manufacturers world-class tyres as producing they have adopted sophisticated technologies at their manufacturing

Bangladesh still needs to buy tyres of trucks, buses and passenger cars from external markets.

Meghna Innova Rubber is going to start the manufacturing of tyres for commercial and passenger vehicles within a short time as its factory is ready to go into operation.

Bari also does not think that rubber farmers are not getting the expected price, saying the rate is determined on the basis of the prices in the international markets.

The BFIDC fixes the price twice a

He sought policy support from the government to develop and protect the local industry, citing the example

"In India, tyre imports are prohibited as local manufacturers are capable of producing high-quality tyres. Global companies have also invested in the tyre industry in the neighbouring country."

#### Rising rubber UK seeks level-playing field for investment

But the country managed to bring in less than \$10 billion.

The UK is the second biggest country after the US in terms of sources of gross FDI flowing into Bangladesh. Gross foreign investment from the UK stood at \$2.5 billion at the end of September 2022, according to Bangladesh Bank data.

The UK is also Bangladesh's third largest export market after the US and Germany. Bangladesh shipped goods worth \$3.5 billion to the country in fiscal 2021-22, up from \$2.8 billion a

"Foreign direct investment builds the foundation to provide jobs, transfer skills, generate revenue, create competition and drive standards higher," said Gemmell.

A conducive business climate and removal of market access barriers will benefit both countries and underline the great opportunities for UK businesses, he said.

The relationship between the UK and Bangladesh is underpinned by the potential of trade and investment that will help both economies grow,

Bangladesh is very keen to take this relationship to a new height through enhanced trade and economic cooperation, said Ghosh.

Continuation of the dialogue will contribute to increasing trade and investment in both countries, he added.

Both countries agreed to arrange the dialogue annually and a Joint Working Group (JWG) regularly.

The JWG would cover a broad range of trade and investment issues, including mutual barriers to market access and trade, with an agenda agreed between the UK and Bangladesh in advance.

Both the countries agreed to enhance the bilateral trading partnership to increase mutual

prosperity ahead of and after Bangladesh's graduation from least developed country (LDC) status.

The UK recognised Bangladesh's economic growth and resilience, despite the widespread impact of the global pandemic and ongoing global economic crisis.

Bangladesh welcomed the UK's generous Developing Countries Trading Scheme (DCTS) and acknowledged its role in integrating Bangladesh into the global economy, creating stronger trade investment opportunities.

The DCTS provides duty-free, quota-free trade to LDCs on everything but arms.

The UK reflected commitments under the DCTS to international conventions on labour standards human rights, corruption, climate change and the environment.

The and Bangladesh discussed cooperation in areas such as LDC graduation, investment cooperation, pharmaceuticals, ease of doing business, financial sector development, higher education provision, taxation issues and intellectual property protection.

The UK encouraged Bangladesh to explore investment opportunities for the UK services sector, including financial and professional services.

reiterated Bangladesh importance of the garments sector. Both countries recognised the importance of high-quality education and agreed to further deepen and widen the scope of collaboration in the area of higher education for mutual benefit.

The UK stressed the importance of Bangladesh putting in place economic policies and systems to achieve its ambition of rapid, sustainable and green economic development; and pledged its ongoing cooperation.

#### Relaxed rules can't tame default loans

with global standards in order to strengthen the banking sector.

Mahbubur Rahman, managing director of Mutual Trust Bank, welcomed the reduction in default loans.

"This is definitely a positive development for the banking sector." He thinks that the relaxation

on loan repayment helped lenders decrease their default loans in the October-December quarter.

"Although cash recovery from default loans has increased to some extent in recent months, the trend is still lower compared to the prepandemic level. So, we should gear up our loan recovery programme for the betterment of the banking sector," he

In December, borrowers were allowed to avoid being classified as a defaulter subject to the clearing of 50 per cent of installments payable in the final quarter instead of 75 per cent previously.

Trade bodies and chambers,

including the Federation of on-year to Tk 61,169 crore last year. Bangladesh Chambers of Commerce and Industry, have frequently pressed for a relaxed loan classification policy in recent times.

a relaxed loan repayment policy from the early day of the coronavirus pandemic in 2020 to 2022. Mustafizur Rahman,

In fact, the central bank followed

distinguished fellow at the Centre NPL resolution strategy would for Policy Dialogue, said there was no genuine reason for the default loan to go down in the fourth quarter.

He urged the central bank to move away from relaxing its policies on loan classification and rescheduling. "At the same time, banks should identify habitual defaulters to improve their financial health."

Prof Rahman said the economy was going through stresses.

"So, if we fail to address the issue of default loans appropriately, the ongoing volatility will deepen," he warned.

BB data showed that NPLs in the state-run banks rose 25 per cent yearForty-one private commercial

banks held defaulted loans of Tk 56,439 crore, up 9 per cent from a vear ago. The NPLs in nine foreign banks increased to Tk 3,048 crore in contrast to Tk 2,785 crore. Recently, the IMF said elevated NPLs

could dampen growth prospects. holistic and time-bound

help address bank balance sheet weaknesses, it said.

According to an IMF document, the BB has committed to developing bank-specific NPL resolution and capital restoration strategies and establishing effective monitoring enforcement and framework. underpinned by memorandums of understanding (MoUs), to oversee concrete actions adopted by banks.

These MoUs will target a reduction of the average NPL ratios to

below 10 per cent for state-owned commercial banks and below 5 per cent for private commercial banks by 2026, said the document.

### US remains top source of remittance

cent from \$834 million a year ago. As such, remittance from the USA accounted for 20.06 per cent of the total remittance inflow of \$4,820 million in the October-December period of last year, according to the Quarterly Report on Remittance Inflows in Bangladesh released by the central bank yesterday.

However, migrants from Saudi Arabia sent a lower amount of remittance in the second quarter of fiscal year (FY) 2022-23 compared to the same period a year ago.

Migrants working in Saudi Arabia sent home \$910 million in the October-December period of FY23, down 19.5 per cent from the same quarter a year ago, according to the Bangladesh Bank report.

The central bank report showed that overall remittance inflow declined 0.22 per cent year-on-year to \$4,820 million in the October-December period from a year ago.

The inflow of remittance, one of the key pillars of Bangladesh's economy, also fell 15 per cent on a quarter-to-quarter basis as migrants sent home a lower amount of money.

"Amid the global price hike that adversely affected migrants' real income, their remittance fell as well," the report said.

The United Arab Emirates (UAE) and United Kingdom were the third and fourth biggest sources of remittance for Bangladesh during the October-December quarter followed

The Bangladesh Bank report said report.

the KSA was the biggest destination for workers during the quarter as the Middle Eastern country hired 98,765 Bangladeshis, which was 37.8 per cent of the roughly 261,134 workers who left the country for jobs.

Malaysia, Oman, the UAE and Singapore were the other top employing countries of Bangladeshi migrant workers during the quarter.

Islami Bank Bangladesh received the largest amount of remittance with \$1,246 million, which was 25.86 per cent of the total remittance

inflow during the quarter. The state-run Agrani Bank and private Dutch Bangla Bank were the second and third largest recipients of remittance during Octoberby Kuwait, Qatar, Malaysia and Oman. December period, according to the



Although these tomatoes seem ripe for picking, the fruits have been left hanging from their vines as farmers are unable to get adequate prices due to oversupply amid the ongoing peak season. The picture was taken from Rupsha upazila of Khulna recently. PHOTO: HABTBUR RAHMAN

#### **BASIS** SoftExpo kicks off on Feb 23

STAR BUSINESS REPORT

BASIS SoftExpo 2023, the largest digital and sector exhibition of Bangladesh, will begin on February 23 at Bangabandhu Bangladesh Friendship China Exhibition Centre Purbachal in Dhaka.

Bangladesh Association of Software and Information Services (BASIS) is organising the four-day mega which is funded by the private sector to highlight the latest technological innovations and ICT capabilities of Bangladesh

The capacities of Bangladesh's information technology sector will be highlighted through various programmes in this information technology exhibition.

BASIS President Russell T Ahmed shared the information at a press conference at Sheraton Dhaka at Banani in the capital.

Convener of BASIS Softexpo 2023 Abu Daud Khan was also present at the briefing.

Speaker of Bangladesh READ MORE ON B2

DIPANKAR ROY and JAGARAN CHAKMA

Tomato farmers, particularly those in the southwest division of Khulna, are facing steep losses as prices for the fruit have come down drastically due to oversupply, as is the case around this time each year. As a result, many growers are being forced

to sell their tomatoes for less than Tk 2 per kilogramme (kg) at the field level while the crop is going for up to Tk 30 per kg at retail

The returns are so low in fact that the transport cost outweighs any potential gains for some farmers, leaving them to either dump the fruit or distribute it for free for use this season. as cattle feed.

Omar Md Imrul Mohsin, director general of the Department of Agricultural Marketing in Khulna, said they cooperate with farmers to help ensure good prices for their crops through proper marketing.

But as most farmers lack a good business plan and also do not follow the diversified crops system, they end up cultivating abundant amounts of the same crop and prices come down as a result, he added.

Mohammad Jahangir Alam, a professor of the agribusiness and marketing department at Bangladesh Agriculture University, said tomato farmers get better prices when they harvest the fruit early in the season.

"But there is oversupply against demand during the peak season, leading to lower prices," he added.

Citing his research on tomato cultivation, he said a total of 4.48 lakh tonnes of the fruit

was produced across the country in 2021 Department of Agricultural Extension in while consumption was only 4.26 tonnes that

Prices plummet as supply soars

Tomato farmers face

peak season plight

In the past few years, farmers in the region started growing tomatoes on a commercial basis in the "ghers" or enclosures of fish farms, even in the saline prone areas of Bagerhat, Satkhira and Khulna.

At the beginning of the season, tomatoes were sold at Tk 2,500 to Tk 3,000 per maund (37 kgs). Now, the price has come down to Tk 170-200 per maund.

Md Kuddusur Rahman, a farmer of Tilak village under Rupsha upazila of Khulna, said he cultivated tomatoes on 22 decimals of land

selling for Tk 1.5 to Tk 2 per kg while it was Tk Rajshahi. Pran also collects the fruit at its

30 to Tk 40 per kg just one month ago. "During the last four days, no buyer came to my field to buy the crop, which is now

rotting," he added. Like Rahman, growers in other villages of the same upazila are facing similar losses.

Sheikh Ali Imam, a farmer of Mulghar union in Bagerhat, said he sold the tomatoes he grew on two bighas of land for Tk 70,000, which was quite a loss for him.

Many farmers are unable to even meet their labour costs by selling the crop at this rate, he added.

Hasanul Banna, who owns a retail outlet at the truck terminal wholesale market in Khulna city, said traders like him are unable to offer better prices to farmers as there is low demand in the market.

Md Rafiqul Islam, deputy director of the

Bagerhat, said 1,850 hectares of land were brought under tomato cultivation this year with a production target of 40,700 tonnes.

However, the total acreage was exceeded by more than 100 hectares while some 58,500 tonnes of the fruit were produced.

Local agro-processors such as Pran, Square Food and Beverage Limited, BD Foods Limited and Ahmed Food Products (Pvt.) Ltd procure tomatoes from farmers to make ketchup, tomato paste and other food items.

Of them, Pran, the leading agro-processor in the country, set a target to procure 20,000 tonnes of tomato this year.

The company has already started collecting According to him, tomatoes are now tomatoes at its Barind Industrial Park in other factory in Natore.

Sarowar Hossain, general manager of the Barind Industrial Park, said they are collecting tomatoes from the Rajshahi, Natore, Chapainawabganj, Dinajpur, Pabna

and Naogaon districts. Some 10,000 contracted farmers of Pran have cultivated tomatoes on 2,200 bighas of land in these areas, he added.

Kamruzzaman Kamal, marketing director of Pran-RFL Group, said sauces are very popular in Bangladesh and many other

"Pran is the market leader in this sector, and we have capacity to produce 18,000 tonnes of sauces every year," he added.

Officials of Pran say they are collecting tomatoes from farmers at the going market

### New platform to thwart fraud in e-commerce

STAR BUSINESS REPORT

The commerce ministry yesterday launched a Central Complaint Management System (CCMS) in order to protect consumers from fraud while purchasing goods and services from e-commerce The platform will also provide scope to the

consumer to file complaints against deception by the sellers in the digital sphere, said the commerce ministry in a press release. "We are introducing the system to ensure safe purchase and prevent irregularities in the

e-commerce transaction. We expect to see its benefit," Commerce Minister Tipu Munshi said after inaugurating the system at the ministry

The commerce ministry said the CCMS platform will act as a bridge between the consumers, regulators and the e-commerce stakeholders.

The consumers will be able to file complaints through the Directorate of National Consumers Right Protection (DNCRP) against frauds by online

The authorities launched the system amid rising complaints against many e-commerce sites filed by the consumers.

In the last two years, thousands of consumers lost money because of embezzlement of their funds by a number of digital commerce companies namely E-orange, and Evaly.

Md Hafizur Rahman, director general of the WTO Cell and chief coordinator of e-commerce cell at the commerce ministry, said the decision of a CCMS was taken against the backdrop of e-commerce scams.

"The idea of having an online platform is to resolve complaints quickly," he added.

READ MORE ON B2

#### Confidence Cement's profit down 20% in Q1

STAR BUSINESS REPORT

Confidence Cement Ltd reported a Tk 22.51 crore profit in the October-December quarter of the current financial year.

The profit was, however, down nearly 20 per cent from the Tk 28.09 crore the cement manufacturer made in the first quarter of the previous financial year of 2021-22.

Thus, the consolidated earnings per share (EPS) were Tk 2.74 in October-December of 2022-23 against Tk 3.42 in the same quarter a year earlier, according to the unaudited financial statements.

The EPS decreased due to a higher raw material currency fluctuation loss at home, said Confidence Cement in a filing on the Dhaka Stock Exchange.

The profit fell to Tk 36.39 crore in the July December half of FY23, which was Tk 47.15 crore in the identical period of FY22, a year-on-year decrease of 22.83 per cent.

The consolidated net operating cash flow per share of Confidence Cement was a negative Tk 4.98 in the first half of FY23 against a negative Tk 5.25 in the same half of FY22.

"The net operating cash flow per share increased due to a rise in the selling price and lower payments to suppliers," said the filing.

The consolidated net asset value per share fell to Tk 76.22 on December 31 from Tk 72.24 on June 30, driven by a hike in profit portion from associate companies.  $Shares\, of\, Confidence\, Cement\, closed\, unchanged$ 

at Tk 89.00 on the DSE yesterday.

#### Luxury sector eyes reopening of China

After a year of record sales and profits despite slowing global growth the luxury sector is looking to the reopening of China to deliver further expansion in 2023.

The world's largest luxury group LVMH posted a 23per cent jump in sales to a record of 79 billion euros (\$86 billion) in 2022 and saw profits climb 17 per cent to 14

The company's chief executive, Bernard Arnault, wants to continue along that path in 2023, "at the risk of becoming boring". LVMH's rivals also managed blistering growth in sales and profits last year. Sales at Hermes jumped 29 per cent to 11.6 billion euros

and profits soared 38 per cent to a record 3.4 billion. Kering, despite a tough time for its flagship brand Gucci, still managed a 15-per cent increase in sales to 20 billion euros, while profits rose 14 per cent to 3.6 billion.

Ferrari also saw sales race to a new record of five billion euros, delivering 13,221 vehicles last year. The 2022 results were barely dented by the disruption in China linked to end of its coronavirus-related travel restrictions and their progressive lifting at the end of the

year, with LVMH calling the month of December an "air pocket". Only Hermes escaped unscathed. 'There was no drop in traffic in our stores," said Hermes

chief executive Axel Dumas. The company's sales rose 30.7 per cent in its Asia-Pacific region excluding Japan.

The gradual reopening of China -- which abandoned the last of the draconian travel restrictions of its zero-Covid policy on January 8 – should help its economy expand by 5.2 per cent in 2023, according to the International Monetary Fund's latest forecast.



Tourists visit the Angkor Wat temple complex, a Unesco World Heritage Site, in Siem Reap province in Cambodia. The kingdom has recently launched a tourism pilot programme for 20 nations in a bid to revive the sector from the fallout of the Covid-19 pandemic.

#### Reckitt reports 18% earnings drop

STAR BUSINESS REPORT

Benckiser Reckitt (Bangladesh) PLC made a profit of Tk 65.91 crore in the year that ended on December 31, down 18.44 per cent year-on-year. The maker of Harpic

Mortein and Dettol raked in a profit of Tk 80.81 crore in 2021. Thus, Reckitt Benckiser reported earnings per share of Tk 139.50 for last year against Tk 171.03 a year earlier.

The net asset value per share of the local operation of the multinational company slipped to Tk 176.80 in 2022 from Tk 200.65 in 2021. The net operating cash flow per share, however, rose to Tk 271.66 from Tk 134.90 during the period.

The board of directors of Reckitt Bangladesh recommended a 980 per cent final cash dividend for 2022, according to a posting on the Dhaka Stock Exchange. This is the lowest cash dividend in four years.