

Star BUSINESS



BB decides to give NBFI licence to Nagad Finance

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Bangladesh Bank yesterday decided to give Nagad Finance PLC the licence to perform as a non-bank financial institution (NBFI) in the country's financial sector.

Md Mezbaul Haque, spokesperson of Bangladesh Bank, said the central bank's board of directors took the decision at a meeting at its headquarters in Dhaka.

The central bank has allowed Nagad Finance to do business at a time when a number of NBFIs are struggling to repay depositors due to financial scams that have hit the sector in recent years.

With the addition of Nagad Finance, the total number of NBFIs in the country will be 36.

Another Bangladesh Bank official, on condition of anonymity, said the central bank will verify tax payment records of the directors of Nagad Finance before finally providing the licence.

Besides, the company will have to make a presentation at a meeting of the central board, describing its detailed business plan.

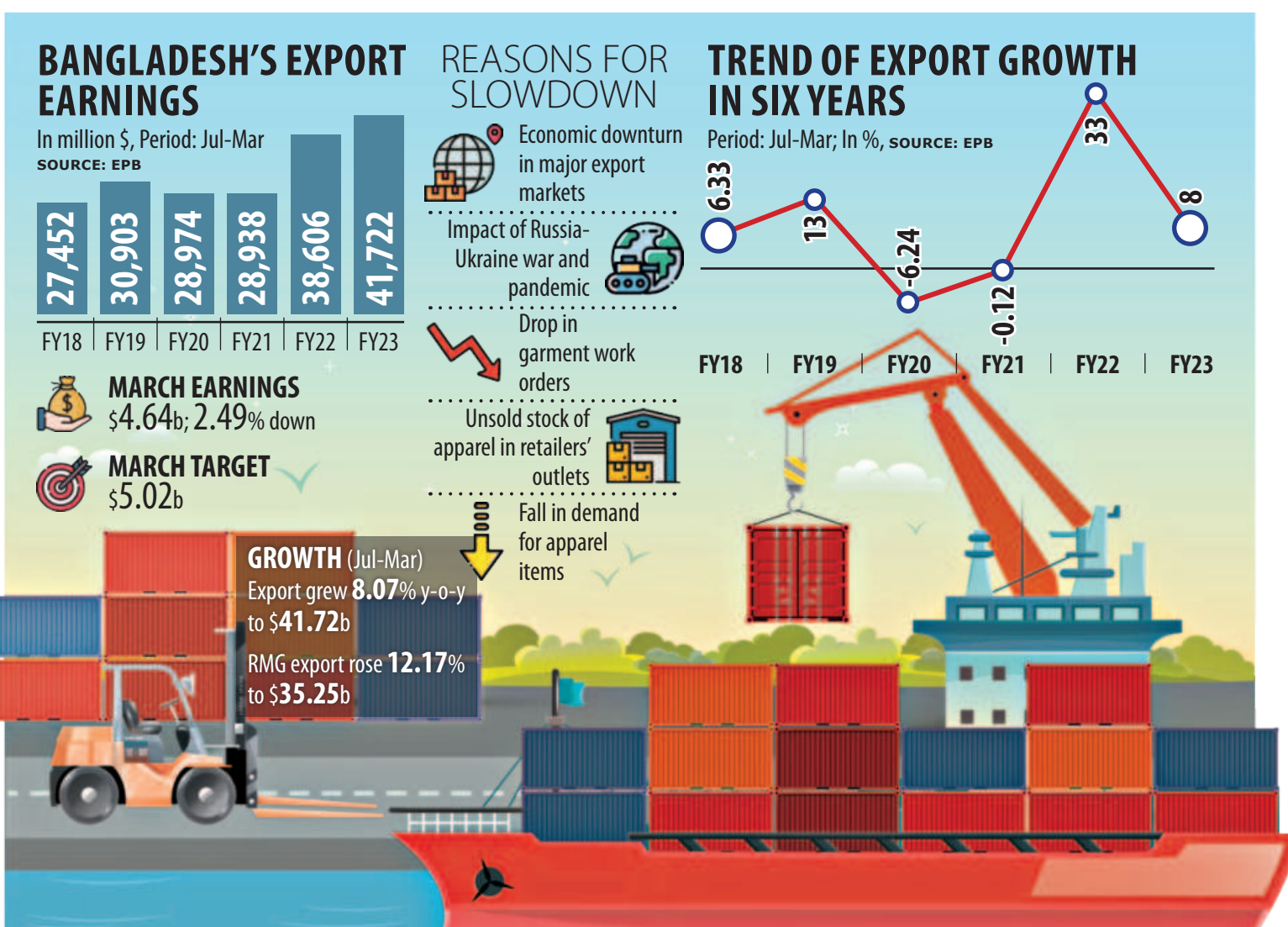
Nagad Ltd, which currently operates the mobile financial service (MFS) window of the Bangladesh Post Office, also plans to roll out an MFS under the new NBFI.

The MFS will act as a subsidiary of Nagad Finance with 51 per cent of its shares to be held by the future NBFI while the rest will be owned by existing directors of Nagad Ltd, said Tanvir A Mishuk, managing director of Nagad Ltd.

He said they would apply with the central bank soon with the required documents to get the licence for Nagad Finance.

Muhammad Farid Khan, vice-chairman of the Summit Group of Companies, is chairman of the seven-member board of Nagad Finance while Mishuk is also a director at the NBFI.

The company will bring 98 per cent of its paid-up capital of Tk 100 crore from the US and Singapore, the central bank official said.



Export earnings drop after four months

REFAYET ULLAH MIRDHA

Export earnings dropped for the first time in five months in March because of a slowdown in the global economy following the severe impacts of the Russia-Ukraine war and Covid-19, official figures showed yesterday.

Exporters brought home \$4.64 billion last month, down nearly 2.5 per cent from a year earlier, according to the Export Promotion Bureau (EPB).

The overall export earnings were in the positive territory between July and March of the current fiscal year with receipts growing 8.07 per cent year-on-year to \$41.72 billion.

The pace of growth has been far below than posted in the last financial year when it stood at 33 per cent.

Except for the apparel sector, which typically contributes 84 per cent to national exports, almost all sectors performed poorly in the first nine-month of the financial year.

Garment export grew 12.17 per cent to \$35.25 billion. Of the sum, \$19.13 billion came from the knitwear sector, registering 11.78 per cent growth from a year earlier.

Another \$16.11 billion came

from the shipment of woven items, which posted a growth of 12.63 per cent.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said although the garment export is



in positive territory, it declined more than 1.04 per cent month-to-month.

"The slowdown in apparel shipment indicates that earnings may not be good in the coming days like we posted in recent months," he said.

He warned that if the war persists, the export may be in trouble. Russia's war in Ukraine shows no sign of coming to an end.

According to Hassan, even in the peak season of sweater shipment, the shipment was

slowing.

He said international retailers and brands have started sourcing a lower volume of products from the country because of higher inflation in the western economies and the higher bank interest rate.

apparel items at the store level is also an issue as consumers in the developed world have tightened belts amid the persisting cost-of-living crisis.

Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, said the overall buying capacity of consumers has eroded amid higher inflation.

"Consumers are not buying anything other than essential items," said Islam, also the managing director of Picard Bangladesh Limited, one of the leading leather products exporters.

Leather and leather goods exports rose 2.5 per cent year-on-year to \$919 million in July-March of FY23.

The export of frozen and live fish decreased 20.5 per cent to \$346.55 million and agricultural products export declined 28.31 per cent to \$687.09 million, EPB data showed.

Jute and jute goods export dipped 21.23 per cent to \$698.7 million and home textile shipments declined by 25.73 per cent to \$859.94 million.

Abdur Razzaque, research director of the Policy Research Institute, said the collapse of

A pile-up of old stocks of

9% interest rate cap on loans set to go in July

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The Bangladesh Bank has finally agreed to move away from the 9 per cent interest rate ceiling on loans and implement a market-based rate from July 1.

Banks have been following the interest rate cap since April 2020 in line with the central bank's instructions.

Analysts have long been demanding the removal of the ceiling saying the cap is not relevant to the market-based economy. Rather, it has created a distortion in the financial sector as a whole.

Recently, their calls have grown louder after inflation hit a multi-year high last year and has stayed at the elevated level, since cheaper loans have not helped the country's fight against escalated consumer prices.

The International Monetary Fund also suggested the government follow the market-based interest rate mechanism.

"The central bank has already fixed a structure to set the new rate and it will be unveiled in the next monetary policy to be declared in June," said BB Spokesperson Md Mezbaul Haque.

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The issue was discussed in detail at a bankers' meeting at the BB headquarters in the capital yesterday. Such meetings are usually held every three months to discuss burning issues in the banking sector.

Abdur Rouf Talukder, governor of the central bank, presided over the meeting where managing directors of all banks were present.

In January, the BB relaxed the lending rate cap for consumer loans, allowing banks to hike it up to 3 percentage points. This means banks can charge up to 12 per cent in interest rates on consumer credits.

The central bank will initially set a monthly reference rate based on the weighted average rate, which is calculated on the basis of the interest rates of the short-term treasury bills, Haque told reporters after the meeting yesterday.

The BB will also set another weighted average rate every six months based on the monthly weighted average rates, he said.

The BB has primarily calculated a six-month reference rate of 6.98 per cent.

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STOCKS			WEEK-ON WEEK
	DSEX ▲	CASPI ▲	
	0.17%	0.16%	
	6,217.79	18,318.27	

COMMODITIES			AS OF FRIDAY
	Gold ▼	Oil ▲	
	\$1,969.46	\$75.74	
	(per ounce)	(per barrel)	

ASIAN MARKETS					FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
	▲ 1.78%	▲ 0.93%	▲ 0.05%	▲ 0.36%	
	58,991.52	28,041.48	3,258.90	3,272.86	



A trader auctions off grapes right off the back of a truck on Simson Road in the capital yesterday. This mode of trade of fruits is now common practice along the stretch from Sadarghat to Badamtoli. However, this partially blocks off the roads, causing severe traffic congestion in the surrounding areas round the clock. The photo was taken on Saturday.

PHOTO: ANISUR RAHMAN

Preferential trade deal with Indonesia likely soon

Says commerce minister

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Commerce Minister Tipu Munshi yesterday expected that Bangladesh and Indonesia would be able to ink a bilateral preferential trade agreement soon.

Munshi expressed his optimism at a meeting with Indonesian Ambassador to Bangladesh Heru Hartanto Subolo at the commerce ministry.

At the meeting, the ambassador agreed to advance in regards to the signing of a trade deal, according to a press statement.

The commerce ministry said the two countries had earlier formed a trade negotiation committee. The panel has already held three meetings while the fourth is expected to take place next month in Indonesia.

There is a possibility of a final discussion at the coming meeting, Munshi said.

The announcement comes as Bangladesh focuses on signing trade pacts with its trading partners as a part of its preparation to tackle the challenges after its graduation from a least developed country (LDC) in 2026, when its exports would lose the duty-free market access to a number of markets and face tariff from importing countries.

Experts earlier said Bangladesh might lose \$6.38 billion in export after graduating to developing country status.

Munshi suggested businesses of both nations explore opportunities and identify potential sectors for trade and investment.

He called on Indonesia to grant more access to Bangladesh's apparel, pharmaceutical and leather goods to the Indonesian market to balance two-way trade between the countries.

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Bangladesh exported \$78.57 million worth of goods to the southeast Asian nation against imports of \$3 billion in fiscal year 2021-22. Vegetable oil, namely palm oil, is the main commodity imported by Bangladesh from Indonesia.

Munshi also suggested Indonesia ease the visa process for Bangladeshis.

At the meeting, Indonesia's ambassador agreed to take steps regarding the signing of a memorandum of understanding between the apex chambers of both the countries.