





star

BUSINESS


Prime Bank


EXPERIENCE
**UNINTERRUPTED
BANKING HOUR**
WITH  MyPrime
more to you!


Scan to download!

Margin loan
rules for
stocks eased
further

STAR BUSINESS REPORT

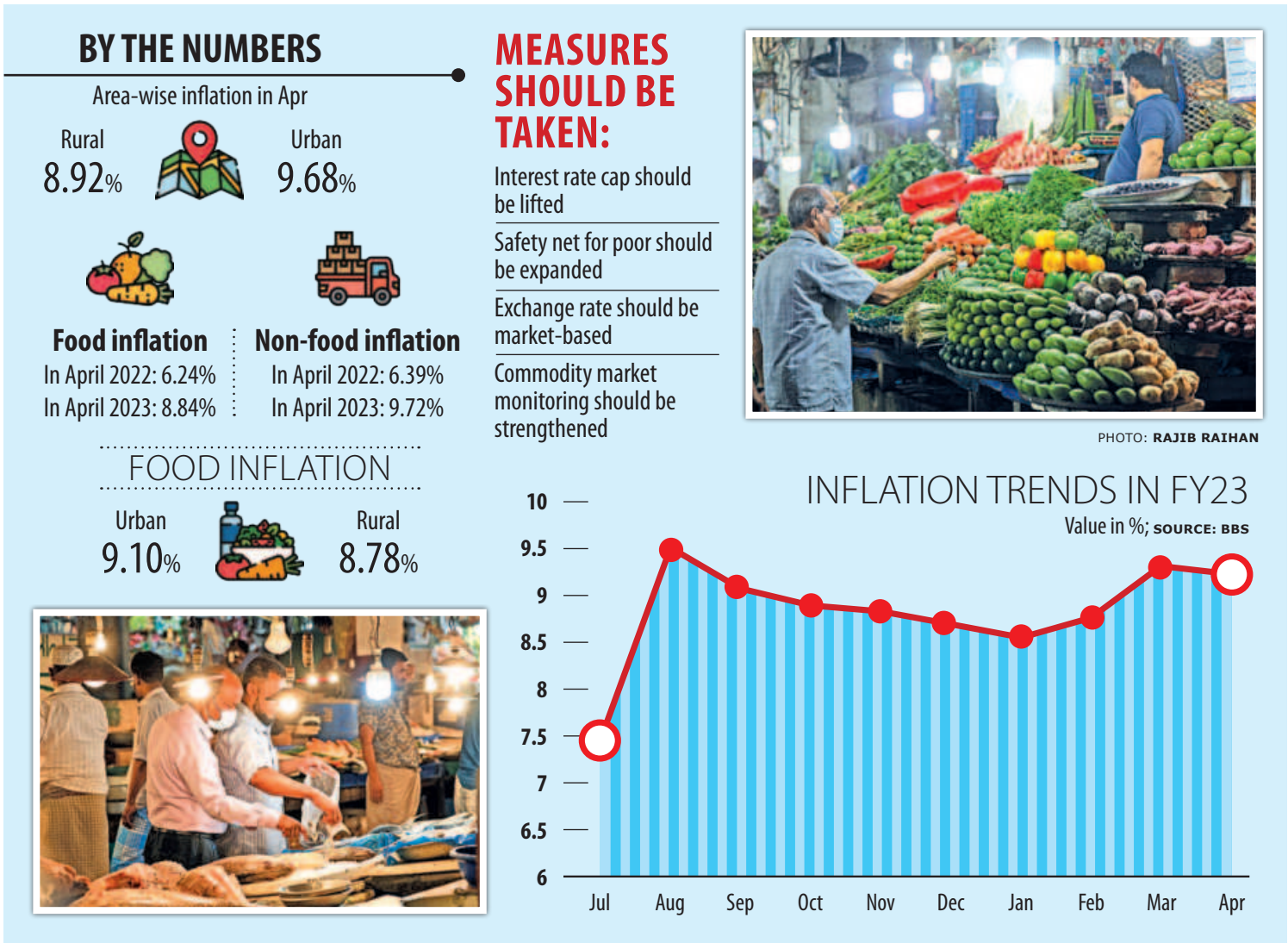
The Bangladesh Securities and Exchange Commission (BSEC) has further relaxed the conditions related to securing margin loans for buying stocks in a bid to boost the country's ailing capital market.

Last month, the regulator issued an order, stating that brokers and merchant banks will be allowed to provide margin loans to buy stocks even if the company's price-to-earnings (PE) ratio is 50, up from the previous limit of 40 if firms meet two conditions.

First, the company will have to have a paid-up capital of more than Tk 50 crore. Second, it will have had to feature in the "A" category of the market for three consecutive years.

The BSEC yesterday issued another order to ease the first condition,

READ MORE ON B3



Inflation falls but still
at an elevated level

MD ASADUZ ZAMAN and
MD FAZLUR RAHMAN

Inflation in Bangladesh fell slightly to 9.24 per cent in April, driven by a decline in food prices, although it still remains at an elevated level compared to historic trends, official figures showed yesterday.

The Consumer Price Index (CPI) jumped to a seven-month high of 9.33 per cent in March, just behind the decade high of 9.52 per cent recorded in August.

Last month, food inflation declined 25 basis points to 8.84 per cent from the previous month's 9.09 per cent, while non-food inflation remained unchanged at 9.72 per cent, according to data from the Bangladesh Bureau of Statistics (BBS).

Consumer prices have remained at an elevated level since July after the Russia-Ukraine war deepened the volatility in the global commodity markets, which had already experienced severe disruptions because of the coronavirus pandemic.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said although inflation fell slightly, it is still higher.

"This means a persisting pressure on the lower- and middle-income groups."

"Anything (inflation) above 5 to 6 per cent is difficult for the common people to deal with whereas our inflation is still more than 9 per cent."

Mansur thinks inflation, in reality, is much higher than the figures released by the BBS. And the government is not taking any policy measures to fight inflation.

Since consumer prices started to go up because of the higher commodity costs globally and the adjustment of prices locally, one of the demands of local economists was to get rid of the 9 per cent interest rate cap on loans.

At the instruction of the government, the central bank has maintained the ceiling since April 2020 to keep the cost of funds low for entrepreneurs. But it emerged as an obstacle as the BB has not been able to squeeze the supply of cheap money despite raising policy rates four times since May.

"The transmission of monetary policy was impaired as a result of an ongoing interest rate cap of 9 per cent for the industrial sector lending," said the World Bank recently.

In January, the lending rate cap for consumers' credit was relaxed to vary up to 3 percentage points, allowing banks to impose an interest rate of up to 12 per cent. However, these categories represent only about 20 per cent of overall private sector credit.

And the WB said domestic financing of the deficit has increasingly been monetised, which is incompatible with inflation reduction objectives.

According to Mansur, Bangladesh is

not being able to support the taka. "As a result, we are not being able to control inflation."

The taka has lost its value by about 25 per cent against the US dollar in the past one year, which made imports costlier.

“

Anything (inflation) above 5 to 6 per cent is difficult for the common people to deal with whereas our inflation is still more than 9 per cent.

Ahsan H Mansur
Executive director of PRI

Zahid Hussain, a former lead economist of the WB's Dhaka office, said the April inflation rate is not comparable with inflation rates in the past because of the differences in the base year and the basket.

"All we can say is that 9.24 per cent is still very high inflation. It has remained high in both urban and rural areas."

In rural areas, overall inflation fell 40 basis points to 8.92 per cent. Food inflation declined 28 basis points to 8.92 per cent and non-food inflation went

down by 49 basis points to 9.33 per cent.

On the other hand, general inflation in urban areas rose 32 basis points to 9.68 per cent. Food inflation slipped four basis points to 9.10 per cent. But non-food inflation surged 37 basis points to 9.96 per cent, BBS data showed.

According to the BB, the inflation outlook might continue to confront some uncertainties in the second half of FY23 because of increasing price pressures emanating from the strained supply chain, pessimistic progress regarding a peaceful resolution of the war, and the elevated global commodity prices.

So, the central bank revised upwards its inflation target to 7.6 per cent from 5.6 per cent for the current fiscal year.

Hussain said the BBS has made significant methodological changes and most of these changes are in the right direction.

But some of these need more clarification, he said.

"For instance, why are they using expenditure weights from the 2016 survey and not from the 2022 survey whereas they are using 2022 prices as the base year prices? Why don't they provide a more meaningful breakdown of food inflation than just breaking it into just food and nonalcoholic beverages?"

"Macroeconomic policies need to remain vigilant to make sure they do not add fuel to the inflationary fire," said Hussain.

Uttara Finance
officials yet to
face the music for
Tk 5,100cr scam

AHSAN HABIB

Uttara Finance Ltd is yet to take any major steps against the officials allegedly involved in the Tk 5,100 crore scam unearthed by the Bangladesh Bank although four months have passed since the central bank directed it to bring the culprits to the book.

The BB appointed KPMG in 2020 to audit the non-bank financial institution. The audit led to the finding of irregularities committed by a board member and some officials of Uttara Finance.

It prompted the BB to remove Uttara Finance Managing Director SM Shamsul Arefin in June last year and dissolve the board in December. But no other officials who were allegedly involved in the scam have had faced any action yet.

Md Mezbaul Haque, the spokesperson of the BB, told The Daily Star that the central bank had ordered Uttara Finance to take action against the officials who were responsible for the scam.

"A new board has been appointed and the board is taking steps too."

Contacted, Mohammad Mohibur Rahaman, company secretary of Uttara Finance, said the NBF is now digging deeper to see who were involved in the irregularities and to what extent so that steps could be taken properly.

"All of the officials who were involved will face punishment in proportionate to their involvement."

The BB appointed KPMG in 2020 to audit the non-bank. The audit led to the finding of irregularities committed by a board member and some officials of Uttara Finance.

The irregularities at the NBF were perpetrated during the disbursement of loans and mobilisation of deposits. It concealed the actual amount of term deposits mobilised from clients.

Term deposits totalled Tk 1,877 crore as of December 2019, according to the financial statements. But a probe report of the BB found that the actual amount was Tk 2,603 crore.

The undisclosed amount of the term deposits to the tune of Tk 726 crore was diverted to other sectors as a part of its effort to help scamsters plunder the money, it said.

The lender also employed the same tactic in the

READ MORE ON B3

STOCKS	
DSEX ▼	CASPI ▲
0.02%	0.05%
6,269.16	18,481.52

COMMODITIES	
Gold ▼	Oil ▼
\$2,012.63 (per ounce)	\$69.98 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.26%	▲ 0.12%	▼ 0.61%	▲ 1.14%
61,193.30	29,157.95	3,262.01	3,323.27

All major sectors except RMG
suffer export drop in Jul-Apr

STAR BUSINESS REPORT

Two major sectors – garments, leather and leather products – had recorded growth in export until March of the current fiscal year 2022-23 while other major sectors suffered a

downturn.

But with the April export earnings data becoming available, leather and leather makers joined the group of other major sectors that had been registering decline in exports in the current fiscal year.



Garment exports rose 9 per cent to \$38.57 billion during the July-April period. PHOTO: STAR/FILE

Now, garment is the only industry among major export sectors that has been able to retain growth in earnings. However, Mohiuddin Rubel, director of the Bangladesh Garment Manufacturers and Exporters Association, said a detailed inspection of single-month statistics reveals a recent decline in apparel export growth.

In April, garment exports fell 15.4 per cent year-on-year to \$3.32 billion.

"The amalgamation of these declines contributed to the overall descending trend in recent months, which stands in contrast to the otherwise positive trajectory for the mentioned period in fiscal 2022-23," he added.

Garment exports rose 9 per cent to \$38.57 billion during the period, data from the Export Promotion Bureau (EPB) showed.

And based on the growth of apparel exports, Bangladesh's overall export receipts grew 5.38 per cent year-on-year to \$45.67 billion in the July-April period of the current fiscal from \$43.3 billion the year before while other major sectors recorded a drop.

Export earnings from leather and leather goods dropped 0.52 per cent year-on-year to \$1 billion in the July-April period as shipments leather footwear, the main earning sub-sector, fell 4.3 per cent during the period.

Md Saiful Islam, president of the Metropolitan Chamber of Commerce and

READ MORE ON B3

New record in e-GP
tender opening

STAR BUSINESS REPORT

A new record was set yesterday over the number of tenders opened in a day in the electronic government procurement (e-GP) system.

A total of 2,230 tenders were opened, according to Central Procurement Technical Unit of the Implementation

Monitoring and Evaluation Division (IMED).

The previous single-day record was 1,508 tenders.

The IMED, a division under the planning ministry, introduced the e-GP system in 2011 as a part of the government's efforts to digitalise all public service delivery.

READ MORE ON B3



Ready plot at
Bashundhara

One bigha few ready plots
are available for sale at
Bashundhara VIP Zone.

Only genuine buyers contact
to the following numbers:

For Details: 01730018547, 01730018458, 01799998182, 01799998188