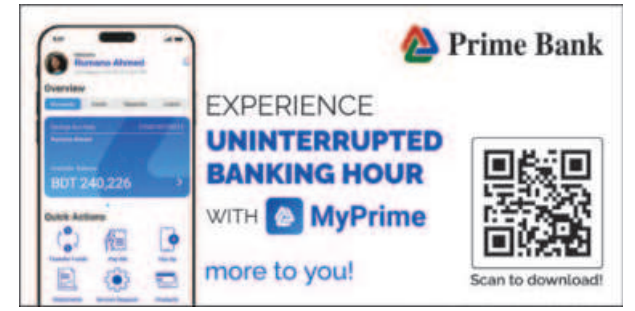


Star BUSINESS



15 banks account for two-thirds of total CSR spending

STAR BUSINESS REPORT

One-fourth of the 61 banks in Bangladesh accounted for 72 per cent of the total Tk 1,129 crore spending on Corporate Social Responsibilities (CSR) in 2022, according to a Bangladesh Bank report released last week.

The remaining banks spent the rest 28 per cent, the data showed.

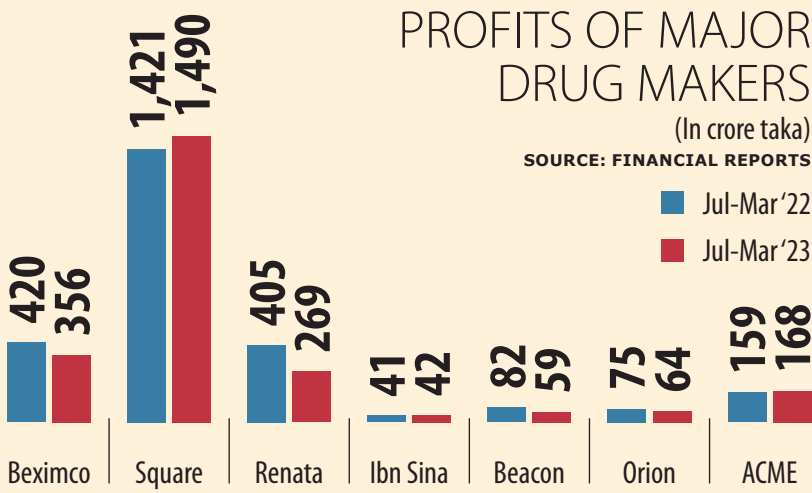
Bankers say they spent most of the money for education, health and disaster management and climate change adaptation as per the guideline.

As per the rule, banks have to invest 30 per cent of their CSR fund in education, 30 per cent in health and 20 per cent in disaster management and climate change adaptation.

Additionally, they have to send 5 per cent of their



PHOTO: RAJIB RAIHAN



TAKEAWAYS

- Profits of listed drug makers dropped 10% to Tk 2,881cr in Jul-Mar
- Among 25 drug and chemical companies, 8 saw profits rise
- 13 posted lower profits and 4 others incurred higher loss

WHY PROFITS FELL...

- Price hike of raw materials
- Depreciation of local currency
- Higher borrowing costs
- Lower income from investments
- Higher costs of energy



Higher costs, volatile dollar hit drug makers' profits

AHSAN HABIB

Most of the listed pharmaceutical companies in Bangladesh logged lower profits despite higher sales in July-March of the current financial year owing to a spike in the cost of production.

Of the 25 drug makers and chemical companies listed with the Dhaka Stock Exchange, eight witnessed higher profits, 13 registered lower profits, and four incurred losses in the first nine months of 2022-23.

The profit situation worsened in the third quarter as the earnings of 22 listed drug makers dropped compared to the identical period a year earlier.

Leading drug maker Square Pharmaceuticals' profits rose 5 per cent year-on-year to Tk 1,344 crore in the first three quarters of FY23. However, its profits dropped 5.6 per cent to Tk 383 crore in January to March.

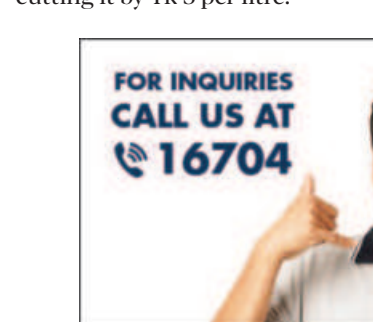
Another top drug maker Renata Ltd's profits dipped 33 per cent to Tk 269 crore between July and March.

"Though Renata witnessed higher sales, its profits dropped mainly due to higher raw material prices and other costs," said Jubayer Alam, company secretary of Renata.

Raw material prices rose due to the global inflation driven by the Russia-Ukraine war and increased shipping costs.

"The cost of production also rose through the higher energy bills and borrowing costs," Alam said.

In order to prevent the fast depletion of the foreign currency reserves, the government increased diesel prices by 36.25 per cent and furnace oil prices by 37 per cent in August before cutting it by Tk 5 per litre.



Electricity prices rose 15.71 per cent alone between January and March. In January, gas prices were raised by 150 per cent for large industries and 154.7 per cent for medium industries.

"The income from the investments in fixed deposits also fell. Moreover, the costs of borrowing increased while the foreign exchange losses increased," Alam added.

The situation is almost the same for all of the pharmaceutical companies and the profit of most companies declined, said a top official of a pharmaceuticals

company, preferring anonymity. The fall in exports also pushed down the profits.

Pharma exports have witnessed a downward trend recently due to the global economic crisis as consumers in the western nations tightened their belts for the higher cost of living.

Shipment dropped 9.19 per

cent to \$84 million.

Even when they are importing, companies are being compelled to pay more for the higher input prices globally and shipping costs and for the weaker taka. The local currency has lost its value by about 25 per cent against the US dollar in the past one year and 15 per cent between July and March.

Bangladesh needs to import \$1.3 billion worth of raw materials annually for the burgeoning pharmaceuticals sector since local firms can at best meet 10 to 15 per cent of the demand for inputs.

The sector meets 98 per cent of the local consumption and also ships products to around 150 countries, including several developed nations.

Drug maker Beximco Pharmaceuticals also logged lower profits. Its profits declined 15 per cent year-on-year to Tk 356 crore in the three quarters.

The pharmaceutical giant blamed the increased cost of production for the decrease in profits.

Beximco Pharmaceuticals earned a net amount of Tk 61.9 crore by distributing Covid-19 vaccines in July-March of 2021-22, under a tripartite agreement with the Serum Institute of India and the government of Bangladesh.

Likewise, the LC opening for capital machinery used in the

Bankers say they spent most of the money for education, health and disaster management and climate change adaptation as per the guideline.

CSR funds to the Prime Minister's Education Assistance Trust, according to the central bank's directive.

"Our spending for education under CSR is increasing. A portion of our CSR funds also goes to the Prime Minister's Relief and Welfare Fund. We participate whenever there is a national call like natural disaster," said M Reazul Karim, managing director and CEO of The Premier Bank.

The private bank spent Tk 49.5 crore for CSR initiatives in 2022 and was the fourth largest spender in this area after Islami Bank Bangladesh Ltd (IBBL), Dutch-Bangla Bank Ltd (DBBL) and Exim Bank.

"Our CSR activities mainly cover humanitarian and disaster relief, education, health, environment as well as arts, literature, culture and sports. During 2022, we spent Tk 327 crore for covering 632,674 beneficiaries," said

READ MORE ON B3

National BUDGET FY2023-24

Govt plans smaller rise in next ADP

REJAUL KARIM BYRON and MD ASADUZ ZAMAN

The government plans to increase its development spending slightly in the upcoming fiscal year due to the narrow fiscal space, the dollar crisis, the conditions attached to the IMF's loan programme, and higher expenses on subsidies and interest payments.

The government is going to unveil a Tk 263,000 crore annual development programme (ADP) for 2023-24, beginning on July 1, an increase of 6.8 per cent from the original allocation in the current fiscal year of 2022-23.

If the funds to be set aside for the state-owned enterprises are included, the size of the development budget will be Tk 274,000 crore, which is 7 per cent bigger than the current ADP.

Last week, the planning commission, at a meeting chaired by state minister for planning Prof Shamsul Alam, finalised the proposed ADP. It may be placed at the next meeting of the National Economic Council on May 11 for final approval.

Prime Minister Sheikh Hasina is expected to chair the meeting, said a top official of the planning commission.

Except for the pandemic-hit 2020-21, the ADP size has seen an increase of at least 9 per cent in every financial year from the preceding year.

In FY21, the size of the ADP rose 1.19 per cent to Tk 205,145 crore. But if the development budget for the SoEs was taken into account, the ADP stood at Tk 214,611 crore in FY21, down from Tk 215,113 crore in FY20, the first decline in terms of allocation in the country's history.

READ MORE ON B3

STOCKS

AS ON WEDNESDAY

DSEX	CASPI
0.02% 6,269.16	0.05% 18,481.52

COMMODITIES

Gold	Oil
\$2,043.51 (per ounce)	\$69.02 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.91% 61,749.25	0.12% 29,157.95	0.22% 3,269.18	0.82% 3,350.46

Reinvestment of earnings pushed FDI up in 2022

AKM ZAMIR UDDIN

Foreign direct investment (FDI) in the country increased 20 per cent year-on-year to \$3.48 billion in 2022 for a surge in reinvestment of earnings by foreign companies.

Analysts say the increase in FDI would not have any significant impact on the economy since there was a remarkable decline in the inflow of equity capital and intra-company loans, two major components of the inflow.

Net FDI inflows are the value of equity capital of non-resident investors, including reinvested earnings and intra-company loans. This excludes the amount that goes out of a country through the repatriation of capital and repayment of loans.

Reinvested earnings stood at \$2.51 billion last year, up 61 per cent year-on-year, showed data from Bangladesh Bank. Foreign investors usually invest such types of funds from their earnings generated by companies located in Bangladesh.

Equity capital, which is brought from abroad to set up new industries or expand the existing ones, declined to \$1.02 billion in 2022, down 10.2 per cent from that the year before.

There is also a negative development in the field of intra-company loans, the funds of which are borrowed by foreign firms from parent entities, as it registered an outflow of \$57 million in contrast to an inflow of \$194 million in 2021.

READ MORE ON B2



As the purchasing capacity of low-paid skilled and unskilled workers is falling, they are compromising on food and non-food expenditures, said an expert.

PHOTO: SHEIKH NASIR

Growth in monthly wages still below inflation

MAHMUDUL HASAN

Monthly wage growth for workers in Bangladesh has remained below the inflation rate for 15 months consecutively, suggesting that many people are having to reduce consumption to cope with increased financial stress.

In April, wages of low paid skilled and unskilled workers grew 7.23 per cent, which was 2.01 percentage points below the inflation rate of 9.24 per cent that month, shows the Wage Rate Index (WRI) of the Bangladesh Bureau of Statistics.

The case was similar in March, when the wages of those workers grew 7.18 per cent, which was 2.15 percentage points below the inflation rate of 9.33 per cent that month.

READ MORE ON B3

Global gas markets to remain tight in 2023: IEA

REUTERS, London

Global gas markets are gradually rebalancing but are expected to remain tight in 2023 amid lower Russian pipeline gas deliveries to Europe, the International Energy Agency (IEA) said on Thursday.

The European and global gas markets suffered a major supply shock in 2022 when Russia reduced its pipeline gas deliveries to the European Union by 80 per cent, triggering a global energy crisis.

Mild weather, an increase in liquefied natural gas (LNG) exports and a strong decline in gas demand helped to cushion the shock leaving Europe's storage 60 per cent full.

"The reduced market strains and relatively well-stocked storage sites ahead of the summer are reasons for cautious optimism for supply security," the IEA said in its quarterly gas market report.

"The improved outlook for gas markets in 2023 is no guarantee against future volatility...global gas supply is set to remain tight in 2023, and the global balance is



The photo shows pipe systems at the industrial plant of the Nord Stream 1 Baltic Sea pipeline near Lubmin, northeastern Germany. The European and global gas markets suffered a major supply shock in 2022 when Russia reduced its pipeline gas deliveries to the European Union by 80 per cent, triggering a global energy crisis.

PHOTO: AFP/FILE

The risks, which include adverse weather, lower availability of LNG, and possibility of a further decline in Russian deliveries, could renew market tensions and price volatility.

subject to an unusually wide range of uncertainties," the report said.

The risks, which include adverse weather, such as a dry summer, lower availability of LNG, and the possibility of a further decline in Russian deliveries to Europe, could renew market tensions and price volatility.

In Europe, gas consumption fell by a record 16 per cent, or 55 billion cubic meters (bcm), during the 2022/23 heating season.

The report said that the EU only needs half of the storage injection level seen in summer 2022 to reach its 90 per cent storage target by the start of the 2023/24 heating season.

LNG now accounts for two-thirds of Europe's gas imports, meeting around one-third of its gas demand during the 2022/23 heating season. European LNG imports rose by 25 per cent, or 20 bcm during the heating season, with the United States supplying over 45 per cent of incremental supply.

Fed raises interest rates

REUTERS, Washington

The Federal Reserve moved its management of the post-pandemic economic recovery into a new phase on Wednesday with what may be the last in a historic series of interest rate hikes and heightened attention to credit and other economic risks.

The US central bank raised its benchmark overnight interest rate by a quarter of a percentage point to the 5.00 per cent-5.25 per cent range, as expected by financial markets, but in doing so dropped from its policy statement language saying that it "anticipates" further rate increases would be needed.

The change doesn't foreclose the central bank's policy-setting committee from hiking rates again when it meets in June, but Fed Chair Jerome Powell said it was now an open question whether further increases will be warranted in an economy still facing high inflation, but also showing signs of a slowdown and with risks of a tough credit crackdown by banks on the horizon.

"We're closer, or maybe even there," Powell said of the end-point of rate increases that have boosted the Fed's policy rate by a full 5 percentage points in the 10 meetings since March 2022, a torrid pace for the central bank and one that may now warrant allowing some time for the impact to be felt in full.

Using language reminiscent of when

it halted its tightening cycle in 2006, the Fed said that "in determining the extent to which additional policy firming may be appropriate," officials would take into account how the impact of monetary policy was accumulating in the economy.

Top of mind: inflation and the impact of a credit tightening Fed officials feel is still evolving in the wake of both higher interest rates and a financial sector rattled

Fed Chair Jerome Powell said it was now an open question whether further increases will be warranted in an economy still facing high inflation

by the recent failure of three US banks.

At a press conference following the release of the statement, Powell said inflation remains the chief concern, and that it is therefore too soon to say with certainty that the rate-hike cycle is over.

"We are prepared to do more" he said, with policy decisions from June onward to be made on a "meeting-by-meeting" basis.

He also pushed back on market expectations that the policy-setting Federal Open Market Committee would cut rates this year, saying such a move was unlikely.

"We on the committee have a view that inflation is going to come down not

so quickly, it will take some time," he told reporters, and "in that world, if that forecast is broadly right, it would not be appropriate to cut rates" this year.

Powell, however, agreed "policy is tight," and said that makes it possible the central bank has done enough with rates, particularly given the developing strains in the economy, the possibility that credit tightening by banks may slow the economy more than expected, and a remaining Fed hope that a recession can be avoided.

The Fed's policy rate is now roughly the same as it was on the eve of a destabilizing financial crisis 16 years ago, and is at the level which a majority of Fed officials projected in March would in fact be "sufficiently restrictive" to return inflation to the central bank's 2 per cent target. Inflation is currently still more than twice that target.

Economic growth remains modest, but "recent developments are likely to result in tighter credit conditions for households and businesses and to weigh on economic activity, hiring and inflation," the Fed said in its statement.

Yet job gains "have been robust," the Fed said, and Powell noted that some recent data on falling job openings and lower earnings growth, coupled with historically low unemployment, supported the idea that the economy could slow without a dramatic rise in joblessness.

"The case of avoiding a recession is in my view more likely than that of having a recession," Powell said.

Citibank works on digitalisation, innovation for local banks

Says country officer

STAR BUSINESS DESK

Citibank endeavours continuously on digitalisation, innovation and replication of global best practices in the local banking industry, said Md Moinul Huq, Citi country officer, Bangladesh.

Huq made the comment at a roundtable hosted by Citibank, NA Bangladesh on trade and payment digitisation titled "Resilience and Transformation in Turbulent Times" held at The Westin Dhaka recently with participation from regulators, local corporates and global subsidiaries.

As the leading global bank, Citi has been leading the dialogue on transformation and resilience through technology-based innovation and systemic improvements in the financial ecosystem, said a press release.

Themes, including evolution of digital payments, current e-commerce landscape, future of trade, and Global Economic Outlook were also covered in the discussions.

Among the keynote speakers, senior representatives from the government a2i Programme and regulators from central bank, highlighted Bangladesh government's vision of digitisation and social inclusion, and their assent to collaborate with Citi on developing solutions.

The event also showcased some of Citi's new and innovative products, which simplify and improve payment processing and supply chain resilience for clients with Citi supply chain financing.

bKash app adds new features

STAR BUSINESS DESK

bKash recently added new features named "Auto Pay", "Balance Hide Option" and "View Charges in Statement" to its app.

To avail the Auto Pay service, a customer needs to tap on the "New Auto Pay" button by selecting "Auto Pay" from "My bKash" or bKash menu option in the app, said a press release.

Customers have to select the type of bill, account details, bill amount and date on which the auto pay will be done in the next step.

The service will be activated with consent. Before the due date in every month, customers will be notified through messages to keep sufficient balance. Customers can enable auto pay for multiple prepaid bills if they want.

They can also cancel any auto pay option at any time. List and details as well as tutorial video can be seen from the autopay menu as well.

Customers, however, can share transaction details of the home delivery of any product keeping their account balance private in balance hide option.

In the View Charges in Statement option, customers can keep track of every detail of their transactions.



A delegation of Bangladesh Civil Service, National Defence College and members of the armed forces, including visiting personnel from Egypt, India, Indonesia, Kenya, Saudi Arabia, Oman, Malaysia, Mali, Nepal, Niger, Nigeria, Jordan, Sri Lanka, South Sudan and Sudan, led by Air Vice Marshal Muhammad Kamrul Islam, visited Walton Hi-Tech Industries' headquarters at Chandra in Gazipur on Wednesday. Maj Gen Syed Tareq Hussain, SM Shamsul Alam, vice-chairman of Walton Hi-Tech Industries, Maj Gen (retd) Ibne Fazal Shayekhuzzaman, adviser, Md Liakat Ali, additional managing director of Walton Digi-Tech Industries Limited, Colonel (retd) SM Shahadat Alam, SM Zahid Hasan, Yousuf Ali and Easir Al-Imran, senior executive directors of Walton Hi-Tech Industries, Mohashin Ali Molla, executive director, and Abdur Rouf, in-charge of Walton International Business, were present.

PHOTO: WALTON



MTB Foundation in partnership with the Bangladesh Business & Disability Network (BBDN) organised a programme titled "Sensitisation on Disability Inclusion" at MTB Centre in Gulshan, Dhaka recently. Samia Chowdhury, chief executive officer of MTB Foundation, moderated the event, where Syed Mahabur Rahman, managing director of Mutual Trust Bank, Rais Uddin Ahmad, deputy managing director, and Aziza Ahmed, head of operations at the BBDN, were present.

PHOTO: MUTUAL TRUST BANK

Reinvestment of earnings

FROM PAGE B1

Ahsan H Mansur, the executive director of the Policy Research Institute of Bangladesh, said there was no scope to be satisfied as equity capital and intra-company loans had dropped.

The central bank data indicated that the foreign companies had hardly brought any fresh funds from abroad, which is why the increase in FDI will not create any meaningful impact on the country's foreign exchange reserves, he said.

He reckons that the country's banking sector has been facing a shortage of foreign exchange in the last 12 to 14 months, creating difficulties for foreign entities to repatriate their profit abroad.

So reinvested earnings of the foreign companies were on the increase, he said.

The ongoing instability in the macroeconomic zone has discouraged foreign investors from bringing their funds into the country, said Mansur, also a former official of International Monetary Fund.

Mamun Rashid, an investment analyst, echoed almost the same.

Stress in the foreign exchange market has created difficulties in repatriating the earnings of foreign companies, playing a role in the surge of reinvested earnings, he said.

Some foreign banks and multinational companies reinvested earnings in the arena of the FDI, he said.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said the increase in FDI would not give any relief to the ongoing stress in the foreign exchange market as foreign investors hardly brought any funds from abroad.

But for the reinvested earnings to have surged is a positive development for the economy, he said.

The country's FDI did not register any meaningful growth even when the scenario was normal for businesses due to a number of barriers in the country's financial sector, Rahman said.

"We should address our age-old problems in the business sector. Ease of doing business, dispute settlement mechanism and efficiency of the

government agencies concerned should be improved," he said.

TIM Nurul Kabir, executive director of the Foreign Investors' Chamber of Commerce & Industry, said the global economy now was not in a good shape, which has also created a negative impact on the FDI flow.

"Our potential is enormous, but we have not managed to attract our desired FDI yet," he said.

Foreign investors feel there is a lack of predictability in Bangladesh when considering making investments, he said.

Rules and regulations are changed in the country frequently, which leads to unpredictable situations for foreign companies, he said.

Under such a situation, doubts arise in their minds over making investments in Bangladesh, Kabir said.

Bangladesh Investment Development Authority has recently taken a number of initiatives, which are quite positive, he said, adding that other government agencies concerned should take up similar measures.

India, Russia suspend negotiations

FROM PAGE B4

Russia is not comfortable holding rupees and wants to be paid in Chinese yuan or other currencies, a second Indian government official involved in the discussions said.

"We don't want to push rupee settlement any more, that mechanism is just not working. India has tried everything we could to try and make this work but it hasn't helped," a third source who is directly aware of the developments said.

Since Russia's invasion of Ukraine on February 24 last year, India's imports from Russia have risen to \$51.3 billion until April 5, from \$10.6 billion in the same period in the previous

year, according to another Indian government official.

Discounted oil has constituted a large part of India's imports, surging twelve-fold in the period. Exports from India in the same period fell slightly to \$3.43 billion from \$3.61 billion in the previous year, the official said.

Another official said both countries have started looking for alternatives after the rupee settlement mechanism did not work out but did not give details.

The sources said trade with Russia has been continuing despite sanctions and payment issues.

"Right now, we are making some payments in dirham and a few other

currencies but the majority is still in dollars. Settlement is happening in different ways, third party countries are also being used," one of the government officials said.

Indian traders are currently also settling some of the trade payments outside Russia, the officials said.

"Third parties are being used to settle trade with Russia. There is no ban on transacting with other countries over SWIFT. So, payments are being made to a third country which route it or offset it for their trade with Russia," the other official said.

On whether money was also being routed via China, the official said: "Yes, including China".



Demand for green coconuts has increased in sync with the temperature in recent times not only for its water serving as a refreshing drink but also as a source of nutrition and health benefits. Packed with electrolytes, micronutrients and antioxidants in a composition similar to those of oral rehydration solutions, it can be used to replace fluid loss. In Khulna, each green coconut is retailing at around Tk 80 to Tk 100. The photo was taken near Khulna District Stadium on April 29.

PHOTO: HABIBUR RAHMAN

Foreign funding for startups in Bangladesh still low

Investors cautious because of economic uncertainty: LightCastle

MAHMUDUL HASAN

Startups in Bangladesh raised about \$35.58 million in the first three months of 2023, according to LightCastle Partners, a Dhaka-based research and business consulting firm.

Of that, e-commerce platform ShopUp alone raised about \$30 million of the amount from UK-based lender Lendable and the local City Bank as debt financing, which is not typical startup funding, according to industry people.

So, the overall inflow of global funding for startups in the country remained very low in the first quarter of the year as the local and global economic downturn continued, they said.

Global inflationary pressures, macroeconomic disruptions and increased geo-economic fragmentation are causing shockwaves for economies across the world.

Covid-19 and the Russia-Ukraine war have exposed the fragility of economic interdependence affecting supply chains, commodity markets, and the flow of capital, LightCastle said in its "Bangladesh Startup Investment Report

2023: Embracing the Uncertainty" for Q1. Furthermore, the failure of three banks in the US that fund startups -- Silvergate Bank, Signature Bank, and Silicon Valley Bank -- further casts shadows on global financing for emerging companies.

As a result, global startup funding declined by 50 per cent from \$63 billion in January 2022 to \$31 billion in January 2023.

Against this backdrop, Bangladesh has secured \$35.58 million through 17 deals in the first quarter (Q1) of 2023, primarily spurred by small ticket funding from local investors.

"As global investors grow risk-averse and gravitate towards portfolio diversification, opportunities are emerging for Asian startups," it added.

In early February, ShopUp announced that it had secured \$30 million in debt financing from both local and global lenders. However, local analysts and experts say debt financing should not be considered as regular startup funding.

Debt financing is a kind of funding given to startups by any type of lender, including banks, for a certain period. It is like a traditional loan as a startup borrows

the money and pays it back with interest. Meanwhile, startup investments come from venture capital firms which in turn seek an equity stake in the business in the form of shares.

The failure of three banks in the US that fund startups -- Silvergate Bank, Signature Bank, and Silicon Valley Bank -- further casts shadows on global financing for emerging companies

"Although it is not regular startup investment, it can be seen as a positive as the debt financing was secured from a local bank," said a top executive of a startup wishing anonymity.

"There have been limited announcements of venture capital financing deals for later stage startups in recent quarters, which is concerning," he added.

In Bangladesh, the tech-startup industry has enjoyed years of a boom

driven by people's increasing access to the internet, higher smartphone penetration and a decade of economic growth.

Now, the founders and executives of technology start-ups are facing a new reality as global venture capital investors are becoming cautious regarding investments amid rising inflation and widespread economic uncertainty, said industry people.

Bangladeshi start-ups raised \$109 million in 2022, way lower than the \$415 million raised a year earlier, according to LightCastle.

But progress in the tech-startup segment has received a blow since the start of the war in Ukraine as the Federal Reserve, the central bank of the United States, has started to increase the key interest rates to combat higher inflation, raising the cost of funds raised by venture capital firms.

"As the later stage funding has dried up, it poses a threat to scalability for some startups," said AKM Fahim Mashroor, chief executive officer of bdjobs.com.

"This is because they will not be able to invest on acquiring new customers," he added.

Dutch-Bangla Bank's profits edge up

STAR BUSINESS REPORT

Profits of Dutch-Bangla Bank grew 1.79 per cent in 2022 while its income from interest, commissions and charges increased at a higher rate.

The lender's profits stood at Tk 566 crore in 2022 while it was Tk 556 crore in the previous year, according to the company's financial report.

Its net interest income advanced 8.8 per cent year-on-year to Tk 1,689 crore. Commission, exchange and brokerage income of the bank almost doubled to Tk 377 crore.

Of the commission, exchange and brokerage income, its net gain on foreign currency soared 106 per cent to Tk 157 crore.

Its other operating incomes increased 15 per cent to Tk 394 crore. However, investment income of Dutch-Bangla Bank edged down 0.40 per cent to Tk 732 crore.

The bank's earnings per share stood at Tk 8.14 in 2022 while it was Tk 7.99 in the previous year. The bank's net asset value per share also stood at Tk 59.85 and Tk 53.13 in 2022 and 2021 respectively.

Stocks of the bank remained the same at Tk 62.60 at Dhaka Stock Exchange on Wednesday, the last day of trade of the week.

Sterling hits 11-month high vs dollar

REUTERS, London

The British pound was steady against the dollar on Thursday having hit an 11-month high overnight after the Federal Reserve raised rates but signalled an end to its tightening cycle is in sight.

The US central bank raised its benchmark rate by a quarter point but dropped from its policy statement language that said it "anticipates" further rate increases would be needed, sending the dollar lower against other major currencies, including the pound.

"It (the pound) has capitalised on the weaker dollar in the wake of the dovish Fed decision," said George Vessey, foreign exchange and macro strategist at Convera.

By 1000 GMT, sterling was little changed against the dollar at \$1.2567, having hit its highest level since June last year at \$1.2593 overnight.

The pound was edging higher against the euro ahead of an expected rate increase from the European Central Bank on Thursday, with the size of the move still up for debate.

Markets are fully pricing in a 25 basis point move, with around a 20 per cent chance of a larger 50 basis point hike. Of 69 economists surveyed by Reuters, 57 expect a quarter point move, with the other 12 forecasting a 50 basis point hike.

The euro was last down 0.1 per cent versus the pound at 87.94 pence. Meanwhile, a survey showed Britain's services sector had its fastest growth in a year in April, boosted by new orders, while prices charged by businesses picked up pace, adding pressure on the Bank of England to keep raising interest rates.

Higher costs, volatile dollar hit drug makers' profits

FROM PAGE B1

With the expiry of the contract, there had been no income from the source in the reporting period of FY23, it added.

Despite multiple challenges, some companies logged higher profits. Of them, the profits of Acme Laboratories rose 5 per cent to Tk 168 crore between July and March.

A top official of Acme Laboratories said the profit grew mainly as it benefited from higher inventories.

"As a result, the price hike of raw materials did not impact our profits."

"But the industry is struggling because of the higher costs and these impacted us as well. So, the profit grew at a slower rate than the previous year."

The companies with a strong inventory were in a better position than those without, prompting some major drug makers to boost their

stocks of raw materials and finished goods as they don't expect the economic uncertainty at home and abroad to disappear anytime soon.

One of them is Renata, which had Tk 1,138 crore of inventories in March, up from Tk 849 crore in June.

Local companies are not witnessing lower profits alone. In fact, pharmaceutical companies around the world are staring at lower earnings.

According to a Reuters report in February, pharmaceutical companies that made billions from the pandemic over the past two years selling vaccines and treatments are now up against a steep Covid cliff and investor pressure to spend their windfalls wisely.

Company and analyst estimates suggest those sales could fall by nearly two-thirds this year due to built-up product inventories around the world, including in the countries that pay the most.

Growth in monthly wages still below inflation

FROM PAGE B1

The average monthly wage rate of low paid skilled and unskilled labourers is estimated from the pay scale of 44 occupations, including 11 in the agriculture sector, 22 in the industry sector and 11 in the service sector.

Last month, the wages of workers in agriculture grew by 7.28 per cent while it was 6.93 per cent and 7.6 per cent respectively for those in the industry and service sectors.

"This indicates that there are depletions in their real income," said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue.

As a result, the purchasing capacity of low paid skilled and unskilled workers is falling and so, they are compromising on food and

non-food expenditures, he added.

In late March, the South Asian Network on Economic Modeling (Sanem) published a survey that was conducted on lower-income groups with a sample of 1,600 households across eight divisions, where they found more than 96 per cent of the people reduced their meat consumption in the last six months.

It said 88.22 per cent of respondents have lessened their fish consumption while 77.06 per cent and 81.43 per cent have cut their egg and oil consumption respectively to cope with higher inflation.

The poorer households have also reduced their consumption of staple foods such as rice and wheat by 37.08 per cent and 56.55 per cent respectively, Sanem found.

Govt plans smaller rise in next ADP

FROM PAGE B1

Tk 205,145 crore. But if the development budget for the SoEs was taken into account, the ADP stood at Tk 214,611 crore in FY21, down from Tk 215,113 crore in FY20, the first decline in terms of allocation in the country's history.

Although the general election is due early next year, the government has refrained from setting a higher spending goal mainly for lower-than-expected revenue generation, the dollar crisis, and the condition of keeping the primary deficit at 3 per cent of GDP attached to the loan programme of the International Monetary Fund and initiating expenditure control measures, among other factors.

Yesterday, Prof Shamsul Alam said the government will focus on ensuring production and increasing jobs in the next fiscal year.

"If we can keep production smooth, the prices of products would be lower and it will not stoke inflationary pressures."

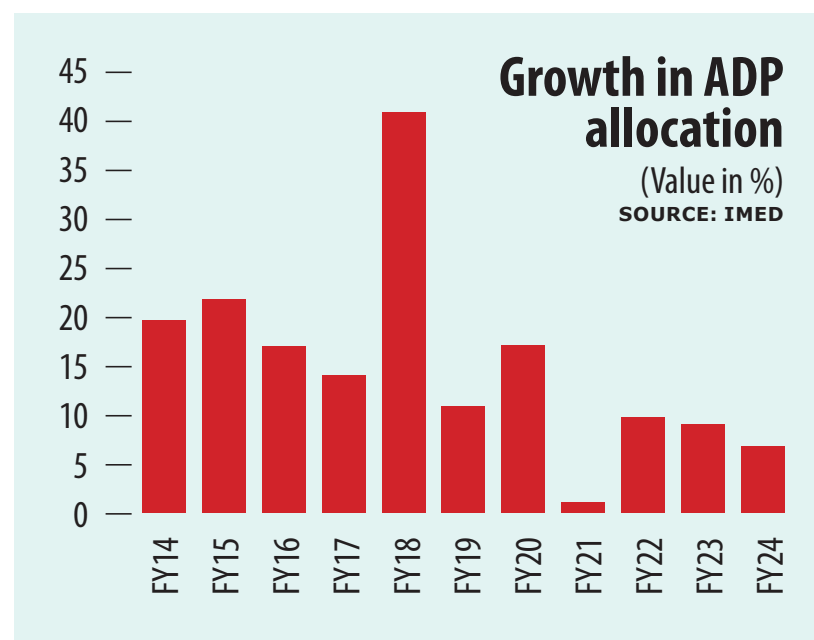
He said the government would take up projects on improving road networks and infrastructures at ports with a view to strengthening the supply chain.

"Nobody will be able to describe the upcoming budget as an ambitious budget."

Prof Alam said if the government increases its expenditure, borrowing will also increase. "As a result, it may increase inflation."

Amid the persisting dollar crunch, the government has taken a go-slow policy on self-funded projects. This is because many of these projects require imported materials, which put pressure on the country's foreign currency reserves.

The reserves have fallen by about 30 per cent in the past one year amid higher import bills and lower-than-expected export and remittance earnings. Lower revenue collection is another factor holding the government from raising the size of the ADP by a large margin. Tax collection grew 8.29 per cent



year-on-year to Tk 225,509 crore in the first nine months of FY23. The National Revenue Board will have to collect another Tk 144,491 crore in the fourth and final quarter of the financial year to attain its target.

"The government has no scope to enlarge the ADP size as the revenue collection is not growing at an expected level," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

"Whatever revenue is being collected is almost being used to finance the operating budget."

He said usually, the government can borrow 50 to 70 per cent of the development budget. But the volume of borrowing is more than 100 per cent of the ADP.

"It's an area of discomfort for the government as the budget deficit is more than the ADP's size. This is happening as the government has not been able to raise revenue generation."

In Bangladesh, tax revenue remained among the lowest in the world at an estimated 7.6 per cent of GDP in FY22.

The ultimate solution is to increase revenue generation, said Mansur. "Otherwise, the government will have to borrow or cut its development spending."

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the lower increase in the ADP size has reflected the government's cost-cutting measures.

"This will affect the growth of the gross domestic product. It will negatively affect the private sector's growth and investment."

Real GDP growth is expected to decelerate to 5.2 per cent in FY23 due to rising inflation, a revenue shortfall, energy shortages and slower global growth, said the World Bank in April.

In the proposed ADP, Tk 169,000 crore will come from the government exchequer, up from 13 per cent from the current fiscal year.

For FY23, the government had set a foreign fund utilisation target of Tk 93,000 crore to ease the dollar crunch. But the utilisation rate is not satisfactory, so it plans to increase the size by Tk 1,000 crore to Tk 94,000 crore.

15 banks account for two-thirds

FROM PAGE B1

Mohammed Monirul Moula, managing director & CEO of IBBL.

He then said IBBL carries out its CSR activities beyond the regulatory threshold.

CSR programmes of IBBL aim at the welfare and well-being of all people on Earth, the planet itself and its stakeholders, he added.

DBBL spent Tk 69 crore and Exim Bank spent Tk 63 crore last year to become the second and third highest spenders for CSR respectively, as per central bank data.

On the other hand, four banks -- Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, Citizens Bank PLC and National Bank of Pakistan -- did not spend for CSR in 2022.

Of them, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank and Citizens Bank PLC did not make any profit the previous year, Bangladesh Bank said.

Chowdhury Liakat Ali, director of the sustainable finance department at Bangladesh Bank, said there is no specific directive from the central bank regarding the ratio of profit banks will have to spend for CSR.

However, banks have to share with the central bank the amount of their profit they will have to spend for CSR. In general, CSR spending accounts for 7 to 8 per cent of a bank's profit, he added.

A senior official of Bank Asia, which spent nearly Tk 24 crore, said the private bank invested mainly in health and education last year under CSR initiatives.

"We have contributed to the Prime Minister's Education Assistance Trust. Individually, we also have scholarship programmes for talented students," he added.

In the current year, Bank Asia is focusing on agriculture and has already provided three combine harvesters to farmer groups in haor areas of Sylhet to enable them to harvest their crops faster and avoid the risk of crop loss for flash floods.

Al-Arafah Islami Bank made Tk 207cr profit in 2022

STAR BUSINESS REPORT

Al-Arafah Islami Bank Ltd made a Tk 207.66 crore profit in the financial year that ended on December 31.

It was slightly down from the Tk 208.72 crore profit the Shariah-based bank made in 2021.

Al-Arafah Islami Bank, thus, reported consolidated earnings per share of Tk 1.95 for 2022 compared to Tk 1.96 a year earlier.

Consolidated net asset value per share rose slightly to Tk 22.75 in the last financial year from Tk 22.73 in 2021 while the consolidated net operating cash flow per share returned to a positive territory of Tk 10.28 from a negative Tk 9.21 during the period.

The board of directors has recommended a 12 per cent cash and a 3 per cent stock dividend for 2022, according to a filing on the Dhaka Stock Exchange.

Shasha Denims posts steep decline in profit

STAR BUSINESS REPORT

Shasha Denims Limited suffered a 94.5 per cent year-on-year decline in profit to Tk 42.31 lakh in the third quarter of the ongoing financial year.

The profit stood at Tk 7.76 crore in the identical January-March quarter of 2021-22.

So, the consolidated earnings per share of the company plummeted to Tk 0.03 in January-March of 2022-23 from Tk 0.55 in the same three-month period a year earlier.

The earnings per share decreased due to an increase in financial expenses and income taxes, said the apparel manufacturer in a disclosure on the Dhaka Stock Exchange.

Shasha Denims' profit fell 6.2 per cent to Tk 19.18 crore in July-March of FY23. The company made Tk 20.45 crore profit in the same period in FY22.

Thus, the apparel maker reported consolidated earnings per share of Tk 1.36 in the nine-month period of FY23 against Tk 1.45 in the same period a year ago.

In the first three quarters of the current financial year, the company's consolidated net operating cash flow per share surged to Tk 12.21 from Tk 4.57.



Freshly harvested bananas are seen on the banks of Baleshwar river in Lahuri village under Indurkani upazila of Pirojpur. Cultivation of the fruit is particularly popular in the area as the nearby freshwater makes cultivation easy while promising ample returns. PHOTO: KM HABIBUR RAHMAN

Banana cultivation a boon for farmers in south

KM HABIBUR RAHMAN, Pirojpur

Thousands of people on both sides of the Baleshwar river, which flows between Pirojpur and Bagerhat, have changed their fates by cultivating banana on a commercial basis.

People from different villages of Pirojpur's sadar and Indurkani upazilas as well as Bagerhat's Morrelganj upazila are mostly involved with banana cultivation as the nearby river makes cultivation easy.

Cultivation is the highest in Pirojpur sadar upazila, where different varieties of the fruit are grown on about 400 hectares of land year-round.

Farmers say that they can earn the most from growing Sabri and Sagar varieties of banana. Besides, it is now quite difficult to find paddy fields in the region as banana orchards have taken their place.

"More than 80 per cent of the locals are involved with banana cultivation," said Nesar Uddin Khan, a farmer of Lahuri village in Indurkani upazila.

Khan has been growing banana for about the last 20 years and like him, many others in the village are making a fortune from the fruit.

He then said that while some farmers simply grow banana and

sell them directly from the field, others transport their produce to markets in Dhaka, Narayanganj, Chattogram and elsewhere using roads and waterways to make more profit.

Farmers say it costs between Tk 120 and Tk 220 depending on the variety to grow an 80-piece bunch of bananas on a single tree. In return, they get from Tk 300 to Tk 600 for the fruit.

More than 80% of the locals are involved with banana cultivation

Nesar Uddin Khan
A farmer of Indurkani upazila

"But we are anxious of coming storms," said Md Mizanur Rahman Khan, another local farmer.

A huge number of banana trees are damaged by stormy weather around this time each year.

"But so far, we have not faced this problem this time around," he added.

The demand for banana is high year-round for its various health benefits and easy availability.

Farmers can currently sell an 80-piece bunch of bananas for up to Tk 600 to wholesalers.

"We don't know the exact figure of banana sales from our area," said Md Hasan Khan, who is one of 200 locals involved in the business.

"But I do know that each person involved with the business can make more than Tk 2 crore each year," he added.

Farmers also say their expenses have risen compared to previous years due to the rising cost of fertiliser, pesticides and labour.

"Our production cost has increased by Tk 100 per tree," said Md Jakir Hossain, a farmer of Lahuri village.

Banana has been cultivated on 1,293 hectares of land this year and the average production from each hectare is 14.86 tonnes, according to sources at the Department of Agricultural Extension (DAE) in Pirojpur.

Mohammad Nazrul Islam Sikder, deputy director of the Pirojpur DAE, said that banana cultivation is more profitable compared to other crops.

"So, farmers are more interested in cultivating the fruit," he added, citing how banana cultivation is playing an important role in the local economy.

Sikder then said that they are providing farmers any technical support necessary for the development of banana cultivation.

Dominage Steel's profit plunges 88% in Q3

STAR BUSINESS REPORT

Dominage Steel Building Systems Limited's profit declined more than 88 per cent year-on-year to Tk 20.52 lakh in the third quarter of the current financial year.

The steel builder made a profit of Tk 1.74 crore in the January-March quarter of 2021-22.

Thus, the company reported earnings per share of Tk 0.02 for January-March of 2022-23 against Tk 0.17 in the identical period of FY22, according to the unaudited financial statements.

The profit fell more than 34 per cent to Tk 3.18 crore in the July-March of FY23. It was Tk 4.82 crore in the same period of FY22.

Dominage Steel reported EPS of Tk 0.31 for the first three quarters of FY23 against Tk 0.47 during the same nine-month period a year ago.

The net operating cash flow per share of the company fell to Tk 0.98 in July-March of the current financial year from Tk 2.04 a year ago.

The net asset value per share was Tk 17.41 on March 31 this year and Tk 17.23 on the same day last year.

Dominage Steel's shares were unchanged at Tk 16.20 on the Dhaka Stock Exchange on Wednesday.

Is AI destroying the education system?

MAHTAB UDDIN AHMED

While studying the prospects of a digital university, I met one of our finest vice-chancellors who have the vision to launch a true digital university. During our discussion, I was fascinated to hear him share the learning management system facilities and his master plan for a Tk 1,000-crore mega campus.

But I found myself scratching my head wondering how such a huge investment makes sense since the purpose of digital education is to take education home at the most affordable price.

Recently our regulatory authority has given the nod for blended learning, but not full-fledged digital learning. While the edtech business has revolutionised the education system globally, we are still talking about blended education and shying away from a full-fledged digital university. Those who feel proud of our education system are undoubtedly living in a fool's paradise!

While we are caught in the middle of traditional and digital education, the rest of the world is panicking over the death of education threatened by artificial intelligence (AI).

The hypothesis is that AI enables students to cheat in their assignments and thus, lose out on learning and undermine the system. The threat is unavoidable, and the concerns are well-founded. As a solution, we can first take steps to understand the threat and power of AI and use it to our advantage with mitigating actions that would lead to a positive transformation in learning and education.

AI can be a powerful tool for students to provide answers to questions, explain difficult concepts in simple terms, and suggest resources for further learning.

It can also provide personalised feedback and recommendations based on a student's strengths and weaknesses. Furthermore, it can help educators to improve their teaching by providing innovative ways to deliver content and engage with students.

Sal Khan of Khan Academy said in a Ted Talk, "We are going to transform education positively by giving every student on the planet an artificially intelligent but amazing personal tutor, and we are going to give every teacher on the planet an amazing artificially intelligent teaching assistant."

An AI-based tutor can be appointed to improve the performance of a student by catering to his/her strengths and weaknesses in a particular subject. The whole education process will simply be revolutionised.

The new method for a student will more likely be a little AI-based bot that will record the conversation and be accessible by the teacher. There will be a second AI-based bot that will moderate but not provide the answer, and hence it will not be a cheating tool.

When the student asks, "Tell me the answer", it will respond with, "I'm your tutor. What do you think is the next step for solving the problem?"

The teachings of these AI tutors are anticipated to excel that of an average tutor. In short, it will transform the education system, introducing revolutionary features, including a teacher and AI collaboration, individualised learning, and universal access for all students.

Therefore, the threat of AI may alternatively be considered as an opportunity to revolutionise the academic experience of our students in Bangladesh. However, what is required is immediate recognition of the threat posed by AI and the urgent need to transform our education system by its introduction and incorporation and solve our long-standing issue of not having an adequate number of quality teachers by affordable means.

Our authorities' prompt and needful action may well transform Bangladesh into a knowledge-based powerhouse.

The author is founder and managing director of BuildCon Consultancies Ltd



India, Russia suspend negotiations to settle trade in rupees

REUTERS, New Delhi/Mumbai

India and Russia have suspended efforts to settle bilateral trade in rupees, after months of negotiations failed to convince Moscow to keep rupees in its coffers, two Indian government officials and a source with direct knowledge of the matter said.

This would be a major setback for Indian importers of cheap oil and coal from Russia who were awaiting a permanent rupee payment mechanism to help lower currency conversion costs.

With a high trade gap in favour of Russia, Moscow believes it will end up with an annual rupee surplus of over \$40 billion if such a mechanism is worked out and feels rupee accumulation is "not desirable", an Indian government official, who did not want to be named, told Reuters.

India's finance ministry, the central Reserve Bank of India and Russian authorities did not immediately respond to requests for comment.

The rupee is not fully convertible. India's share of global exports of goods also is just about 2 per cent and these factors reduce the necessity for other countries to hold rupees.

India started exploring a rupee settlement mechanism with Russia soon the invasion of Ukraine in February last year, but there has been no reported deal done in rupees. Most trade is in dollars but an increasing amount is being carried out in other currencies like the UAE dirham.

The two sides have spoken about facilitating trade in local currencies but the guidelines were not formalised.

READ MORE ON B2



An oil tanker is docked next to the Shell refinery on Bukom island behind a passing cable car cabin in Singapore on April 18. Oil prices rose by 1.01 per cent to \$73.06 a barrel yesterday but were unable to claw back much of this week's more than 8 per cent decline as demand concerns in major consuming countries continued to weigh. PHOTO: AFP

Most commodity prices post gains globally in April

WB report shows

STAR BUSINESS REPORT

Energy prices increased 5.7 per cent globally in April, led by a 7.8 per cent hike in crude oil prices and a 3.8 per cent spike in coal prices, the World Bank's Pink sheet reported.

The Pink Sheet is a monthly report that monitors commodity price movements.

Non-energy prices inched up 1.1 per cent.

Agricultural prices increased 2.2 per cent in April. Food prices rose 1.9 per cent, following gains in the subgroup "other food items" and grains, which were up 5.8 per cent and 3.2 per cent, respectively.

Beverages and raw materials rose 5.5 per cent and 1 per cent, respectively. Fertilizer prices eased by 1.3 per cent.