

## Janata Bank's profit tumbles

**STAR BUSINESS REPORT**

Janata Bank Limited's profit tumbled in 2022 amid lower income from investments and the requirement to set aside a higher amount in provisions against bad loans.

The state-run lender's profit plunged 55.5 per cent year-on-year to Tk 80.89 crore last year although most private banks logged higher profits and foreign banks saw more than doubling of earnings, according to financial statements.

The net interest income returned to a positive territory at Tk 37 crore from a negative Tk 71 crore in 2022. But investment income fell 14 per cent to Tk 1,768 crore. It was Tk 2,060 crore in the previous year.

Commission, exchange and other operating incomes rose.

**The state-run lender's profit plunged 55.5 per cent year-on-year to Tk 80.89 crore last year although most private banks logged higher profits**

Janata's total provision against bad loans climbed 40.8 per cent to Tk 743 crore in 2022. Its net asset value per share dropped to Tk 199.19 in 2022 from Tk 204.81 a year ago.

Preferring anonymity, a top official of the bank said Janata Bank's profits fell as its income from investment dropped. Investment in government securities declined.

"On the other hand, we had to keep higher provision."

The official said the spread of new variants of Covid-19 hampered the management of non-performing loans of Janata Bank. The NPL had been on a falling trend in the previous years.

Janata's classified loans totalled Tk 15,197 crore, accounting for 17.84 per cent of the total loans in 2022. The classified loans were Tk 12,319 crore, or 17.61 per cent of the total credits in 2021, according to the financial reports.

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## Bangladesh lags behind rivals in diversifying exports

**Says ADB-Islamic Development Bank Institute report**

**STAR BUSINESS REPORT**

Despite some progress, Bangladesh has not been able to diversify its export basket compared to its competitors, leading to more concentration in the textiles sector, according to a new report.

Compared to rivals, Bangladesh has emerged as the most concentrated in terms of exports, indicating a relatively high specialisation toward specific products in the textile sector.

Although there has been a tendency toward diversification in recent years, concentration was still higher in 2020 than in the early 2000s, said the "Bangladesh Global Value Chain Report: Transforming Participation in Trade and Global Value Chains", jointly published by the Asian Development Bank and the Islamic Development Bank Institute.

The report was launched at the InterContinental Dhaka yesterday.

Bangladesh fell below the world average in terms of trade openness despite being the second-largest apparel exporter in the world. It lagged behind competitors such as Cambodia, India, Pakistan, and China.

Thus, increasing international trading activities of the country's other sectors presents a viable option to attain further growth, according to the report.

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### BY THE NUMBERS

- IT exports to Japan rose **35%** in FY2022
- Japan accounts for **8%** of total IT exports of over **\$1.4b**
- Japan's ICT market was about **\$449b** in 2021
- About **103** firms export IT services to Japan

### TOP EXPORTERS

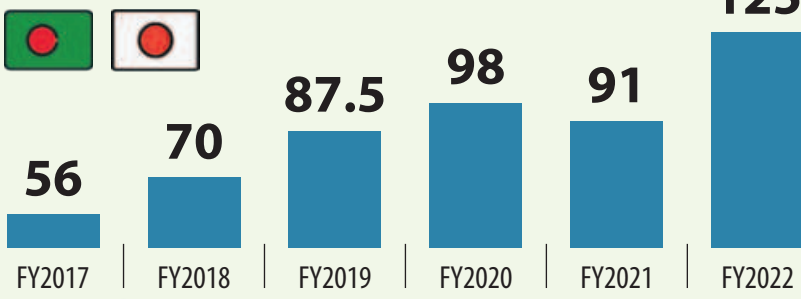
BJIT, Shehala, Dream Door Soft, Banglafire Solution, BacBon, CSL Software Resources, Nascenia, W3 Engineers and Brain Station 23

### STRENGTHS

- Rising number of IT graduates
- Higher number of young people
- Competitive prices
- Training collaboration between two nations

### IT EXPORTS TO JAPAN

In million of \$; SOURCE: BASIS



### BARRIERS

Language  
No direct flights between two countries

## New policies on cards for market-based lending, exchange rates

**STAR BUSINESS REPORT**

The Bangladesh Bank yesterday said it would roll out a set of policies to implement market-based interest rates and uniform exchange rates and disclose net and gross reserves in line with the conditions of the International Monetary Fund.

"The policies might be implemented from July this year," Md Mezbaul Haque, the spokesperson of the central bank, told reporters.

The upcoming monetary policy, which is usually unveiled by the Bangladesh Bank in July, will lay out a roadmap to this end, he said.

Haque made the disclosures at a press briefing at the central bank headquarters in Dhaka after meetings between the officials of the IMF and the BB.

The central bank has maintained a 9 per cent interest rate cap since April 2020 where there are multiple exchange rates. Local economists have long demanded scrapping of the lending rate ceiling and introduction of a uniform exchange rate to help the economy tackle the ongoing macroeconomic instability.

"The central bank is going towards implementing a single exchange rate between the taka and the dollar."

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### POST-LDC ERA

## Incentives planned for 12 sectors

Direct cash support can't be provided

**REFAYET ULLAH MIRDHA**

The government will continue to provide incentives to 12 sectors as an alternative to direct cash support on export receipts with a view to helping exporters tackle potential challenges in the post-LDC era, a top official said yesterday.

The sectors are garment, pharmaceuticals and active pharmaceutical ingredients, leather and leather goods, non-leather footwear, light engineering, electronics and electrical goods, plastic, ship-building, agricultural products and processed foods, fisheries and livestock, software and IT-enabled services, tourism and nursing and midwifery services.

Bangladesh is set to make the United Nations status graduation from an LDC (least-developed country) to a developing country in 2026.

Under the rules of the World Trade Organisation (WTO), a graduating country or one that has graduated from the LDC status can't give direct incentives like cash on export receipts.

So, nations provide incentives to exporters in alternative ways so that they can become competitive in the global supply chain. Bangladesh is one of the founding members of the WTO.

"Primarily, the government will give incentives in four formats," Senior Commerce Secretary Tapan Kanti Ghosh told The Daily Star over the phone.

For instance, incentives will be given to the sectors for the use of manmade fibres (MMF) and recycled products and for taking eco-friendly and renewable energy initiatives, said Ghosh.

Garment exporters have been demanding duty waivers on the import of MMF, recycled yarns and fabrics and import of solar panels to generate renewable energy for their factories.

"We will send our recommendations to the finance ministry and the National Board of Revenue soon so that some of the decisions come into effect in the budget for the upcoming fiscal year," Ghosh said.

A decision on the reduction of the duty on the import of MMF may come into effect from the next fiscal year, he said.

"However, all of the 12 sectors will enjoy the benefit so that they can stage a strong performance even in the post-LDC period."

The secretary made the comments at an event styled "Study on policy support and incentives before and after the LDC graduation for RMG sector", organised by the Bangladesh Foreign Trade Institute (BFTI) on its premises in Dhaka.

A panel of experts has analysed the incentive packages provided by four countries, including India, Vietnam and Cambodia, said the senior commerce secretary.

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## IT export to Japan surges

**MAHMUDUL HASAN**

Local software and other information technology-enabled services (ITES) exports to Japan have witnessed a surge in recent times as Bangladeshi companies have established a foothold in the East Asian country.

Export of information technology to Japan jumped by over 35 per cent to \$120 million year-on-year in fiscal year 2021-22, according to the Bangladesh Association of Software and Information Services (BASIS). In 2016-17, it was at only \$56 million.

Japan accounts for about 8 per cent of Bangladesh's total annual IT exports of over \$1.4 billion, according to the top trade body for software and ITES industry of Bangladesh.

Industry people said local engineers' hard work, quality and commitment have led to the opening of the IT export opportunities to Japan.

Japan had one of the biggest IT markets in the world in 2021 with an estimated value of \$449 billion, said market research firm Research and Markets.

Besides, affordable prices compared to other competitors also created the opportunity, said the industry people.

**Industry people say local engineers' hard work, quality and commitment have led to the opening of the IT export opportunities in Japan**

"The Japanese IT community now knows Bangladesh as a solid IT exporting nation," said Russell T Ahmed, president of the BASIS.

"When Japanese companies look for outsourcing any IT services, Bangladesh comes on their maps," he added.

Now about 23 firms directly export IT services to Japan and another 80 firms indirectly.

BJIT Group, which was established in 2001, was one of the pioneers in IT exports to Japan with some 10 to 12 engineers.

Now the company has about 70 to 80 engineers dedicatedly working for the Japanese market out of its around 800-strong workforce, said its chief operations officer, Masud Mehedi.

"Initially, it was very tough to make them understand that there are IT outsourcing opportunities in Bangladesh."

The general impression of Japanese clients about Bangladesh is that it is a flood-prone country with a lot of garment workers, he said.

But the BJIT adopted a strategy – it started inviting Japanese firms' officials to Bangladesh, he said.

"Then, we gave them very welcoming receptions. And when they met with our engineers, confidence in Bangladesh started to grow and relations were built," he added.

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STOCKS			
	DSEX	CASPI	
	Flat	Flat	
	6,269.34	18,482.41	

COMMODITIES			
	Gold	Oil	AS OF FRIDAY
	▼	▲	
	\$2,016.87	\$71.33	
	(per ounce)	(per barrel)	

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▼ 1.13%	▲ 0.12%	▼ 0.08%	▼ 0.48%
	61,054.29	29,157.95	3,266.63	3,334.50
				FRIDAY CLOSINGS



**Bangladesh fell below the world average in terms of trade openness despite being the second-largest apparel exporter in the world. It lagged behind competitors such as Cambodia, India, Pakistan and China.**

PHOTO: STAR/FILE

## Upskill labour force for post-LDC era: experts

**STAR BUSINESS REPORT**

Bangladesh should focus on upskilling the existing labour force to face the challenges of the fourth industrial revolution and its upcoming graduation from the least developed country status, according to experts.

"To provide skills to the existing labour force is one of the key challenges in the LDC graduation for Bangladesh," said Sayema Haque Bidisha, a professor of economics at the University of Dhaka.

"The private sector has a major role to reskill and upskill existing workers who are middle-aged people," she said.

The government should provide incentives and policy support to the private sector so that they can be motivated to take steps in adopting labour

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## 10 Minute School, MetLife sign deal

STAR BUSINESS DESK

Online educational platform 10 Minute School has partnered with MetLife Bangladesh, a life insurance company, to provide insurance facilities to its employees.

Both 10 Minute School and MetLife Bangladesh signed an agreement to this end at the former's head office in Banani recently, said a press release.

Under the deal, the insurer will cover costs for accidents, disability, loss of life and medical emergencies.

"We believe that this investment in our team will pay dividends in terms of employee satisfaction, retention and productivity," said Ayman Sadiq, founder and chief executive officer of the edtech company.

"With insurance's financial protection, they do not need to worry about medical emergencies that lessen uncertainty of life," said Nafis Akhter Ahmed, chief corporate business officer of the insurer.

Tasnuva Nadia, head of human resources of the edtech company, and Md Faiyaz Hossain, deputy manager of human resources, Mohammad Kamruzzaman, head of employee benefits at the insurer, Md Monirul Islam, head of new sales, and Raihan Chowdhury, deputy manager, were present.



**Farmer Bachchu Mia of Raynagar village of Rajbari sadar upazila cultivated sesame on 18 decimals of land investing Tk 2,200 up until now. He expects to harvest 3 maunds (one maund equals around 37 kilogrammes) of the seed which is used as food and flavouring and from which an oil is extracted. At present each maund of the seed is selling for Tk 4,000 to Tk 4,100 in the local market. Around 32,434 maunds of sesame was cultivated on 85,747 acres of land in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken on Friday.**

PHOTO: SUZIT KUMAR DAS

## Nazeem joins Prime Bank as its DMD

STAR BUSINESS DESK

Nazeem A Choudhury has joined Prime Bank Limited as its deputy managing director (DMD).



Prior to joining Prime Bank Limited, Choudhury had been serving Meghna Bank Limited as senior executive vice-president and head of retail and SME banking concurrently, Prime Bank said in a press release.

Choudhury has more than 22 years of diversified experience in business development, sales and marketing and communications.

He previously served in multiple capacities at Beximco Pharmaceuticals, MetLife and Eastern Bank Limited.

He obtained a master's degree in English from the University of Dhaka and did an MBA from the Institute of Business Administration at the University of Dhaka. Choudhury is a certified Project Management Professional.

## China's services activity grows but at slower pace

REUTERS, Beijing

China's service activity grew for a fourth month in April, a private-sector survey showed on Friday, as businesses benefitted from a return toward pre-pandemic levels of demand and output, although the momentum slowed.

The Caixin/S&P Global services purchasing managers' index (PMI) stood at 56.4 in April, above the 50-point mark that separates expansion and contraction in activity on a monthly basis, down from 57.8 the month prior.

The numbers echoed the official PMI released on Sunday which showed also a smaller pace of expansion.

Analysts warn that the momentum could further ease as domestic consumption has yet to fully recover, and that more policy support is needed.

Consumption will require more policy support and stimulus, as growth in corporate profits, people's income and fiscal revenue all lagged behind economic growth in the first quarter, said Bruce Pang, chief economist at Jones Lang LaSalle.

China's economy grew at a faster-than-expected clip in the first quarter, as businesses and consumers shook off the chill of strict COVID curbs that were lifted in December.

But the world's second-biggest economy is facing an uneven recovery and persistent headwinds, with strong activity in services and a contraction in manufacturing.

## Stocks end almost flat

STAR BUSINESS REPORT

The prime indices of the Dhaka and Chattogram bourses traded almost flat yesterday.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), inched up 0.18 points from that on the previous day of trade to close at 6,269.

The DS30, the blue-chip index, edged down 0.03 per cent to 2,203 while the DSES, the Shariah-compliant index, went up 0.05 per cent to 1,368.

Turnover, a key indicator of the market, dipped around 2 per cent to Tk 846 crore. Of the securities, 61 advanced, 76 declined and 210 did not show any price movement.

Khan Brothers PP Woven Bag Industries Ltd made the highest gain of 9.9 per cent.

Shurwid Industries Ltd, Midland Bank Ltd, Emerald Oil Industries Limited and Hwa Well Textiles (BD) Ltd were among the top gainers.

Eastern Bank Ltd lost the most, more than 11 per cent.

The Sea Pearl Cox's Bazar Beach Resort & Spa, Legacy Footwear Limited, Rupali Life Insurance Company Limited and ADN Telecom Limited were also on the list of those suffering significant losses.

Bangladesh Shipping Corporation was the most-traded stock on the day with issues worth Tk 49 crore changing hands.

Eastern Housing Limited, the Sea Pearl Cox's Bazar Beach Resort & Spa, The ACME Laboratories Ltd and Intraco Refueling Station Ltd registered significant turnovers as well.

The Caspi, the all-share price index of Chittagong Stock Exchange, lost 0.89 points to close at 18,482. Of the issues, 47 rose, 51 retreated and 89 did not see any price swing.

Turnover of the port city bourse declined 21 per cent to Tk 9.4 crore.

## Rumee A Hossain re-elected as board executive committee chairman of Bank Asia

STAR BUSINESS DESK



Rumee A Hossain has been re-elected as the chairman of the board executive committee of Bank Asia Limited at a meeting of the Board of Directors held recently.

Hossain is one of the sponsor directors of the bank, said a press release.

He has more than 29 years of business experience in several industries such as electronics, telecom, pharmaceuticals, information technology and publication.

He is the managing director of Rangs Industries Limited (distributor of Toshiba and Samsung) and Romask Limited.

Hossain is a graduate in mechanical engineering and did an MBA in International Business Management.

## Germany mulls electricity price cap for industry

AFP, Berlin

Germany's Economy Minister Robert Habeck on Friday presented plans to cap the price of electricity used by energy-intensive industries to insulate the sector against sharp cost increases, but the proposal immediately sparked criticism.

The cap, which would be set at 0.06 euros (\$0.07) per gigawatt hour (GWh), would apply until 2030 and cover at least 80 percent of companies' electricity usage. Energy costs rose sharply in the wake of the Russian invasion of Ukraine, as Moscow dwindled critical gas supplies to Europe.

The electricity price for non-residential customers averaged 0.18 euros without taxes in the second half of 2022, according to the German statistics agency Destatis.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAY 7, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	5.47 ↑
Coarse rice (kg)	Tk 46-Tk 50	0	3.23 ↑
Loose flour (kg)	Tk 55-Tk 58	0	54.79 ↑
Lentil (kg)	Tk 90-Tk 100	-2.56 ↓	-5 ↓
Soybean (litre)	Tk 170-Tk 180	2.04 ↑	-2.23 ↓
Potato (kg)	Tk 35-Tk 38	55.32 ↑	102.78 ↑
Onion (kg)	Tk 50-Tk 60	57.14 ↑	69.23 ↑
Egg (4 pcs)	Tk 45-Tk 47	5.75 ↑	31.43 ↑

SOURCE: TCB



**Abdul Kadir Molla, chairman of South Bangla Agriculture and Commerce (SBAC) Bank, recently inaugurated an ATM booth of the bank under Velanagar branch on Dhaka-Sylhet Highway in Narsingdi Sadar. Habibur Rahman, managing director, Md Nurul Azim, deputy managing director, Md Abdul Mannan, executive vice-president, Mohammad Shafiqul Azam, senior vice-president, Kawsar Alam, manager of Velanagar branch, Md Hasan Shahrear, manager of Narsingdi branch, and Md Mokarram Hossen, in-charge of Thermax Shilpa sub-branch, were present.**

PHOTO: SBAC BANK



**Md Masud Biswas, head of Bangladesh Financial Intelligence Unit (BFIU), inaugurated a conference titled "BAMLCO Conference-2023" on branch anti-money laundering compliance officers organised by Padma Bank at Police Plaza Convention Centre in Gulshan, Dhaka on Saturday. Muhammad Mohsin Hossaini, additional director of BFIU, and Md Ashrafal Alam, deputy director, Tarek Reaz Khan, managing director of Padma Bank, Faisal Ahsan Chowdhury and Mohammed Emtiaz Uddin, deputy managing directors, and Syed Towhid Hossain, CAMLCO of the bank, were present.**

PHOTO: PADMA BANK



**ABM Mokammel Hoque Chowdhury, managing director of Union Bank, inaugurated the "1st Quarterly Business Review Meeting 2023" of the bank in Sylhet on Saturday. Md Nazrul Islam, deputy managing director, Md Golam Mostafa, senior executive vice-president, and Chowdhury SM Atiqur Rahman Hyder, vice-president, were present.**

PHOTO: UNION BANK



**Manzurul Islam, chairman of Eastern Housing, and Enrico Nunziata, the Italian ambassador to Bangladesh, attended an "Architects' Symposium" organised by furniture and home decor brand Renaissance Decor to recognise the contributions of three renowned architects -- Rafiq Azam, Mohammad Foyez Ullah and Kashef Mahboob Chowdhury -- at the latter's office in Dhaka on Saturday. Among others, Zannat Jui, head of design at SHATOTTO Architecture of Green Living, was present.**

PHOTO: RENAISSANCE DECOR

## bti signs MoU with Japan’s Shimizu Corp

STAR BUSINESS DESK

The Building Technology and Ideas Limited (bti), a real estate company of Bangladesh, recently signed a memorandum of understanding (MoU) with Shimizu Corporation, a Japanese construction company.

FR Khan, managing director of bti, and Manabu Hirose, general manager of Shimizu Corporation’s Bangladesh branch office, inked the MoU at the bti corporate office in Dhaka, said a press release.

The MoU will benefit both bti and Shimizu in enhancing their technical capacities and financial strength. In addition, it will open a new window for foreign direct investment in the real estate sector of Bangladesh, the press release added.

“The MoU will accelerate our pursuit of excellence and help establish benchmarks in Bangladesh’s real estate sector by broadening the arena with cross-border engagements,” said Khan.

The Japanese company, which successfully carried out constructions of several mega projects in Asia, recently showed interest to invest in Bangladesh through partnerships with Bangladeshi organisations.



Using modern airflow technology, some 22 maunds of onion are being preserved at a storage owned by farmer Masud Khan in Poradanga village under Sujanagar upazila of Pabna. This method of storing onion leads to less rot among the crop, meaning that they can be kept for longer.

PHOTO: AHMED HUMAYUN KABIR TOPU

# Onion farmers overjoyed by new storage equipment

Airflow technology introduced to reduce rot

AHMED HUMAYUN KABIR TOPU, Pabna

Although Bangladesh produces enough onion to meet its domestic demand each year, at least 30 per cent of the bulbs are damaged before reaching the market due to inadequate storage facilities.

But in a first for the country, onion farmers in Sujanagar upazila of Pabna have started using airflow machines to improve the preservation of their crop.

The new technology was introduced under an initiative of the Association for Social Advancement (ASA), which is a non-government organisation working to improve people’s living standards.

“Traditionally, farmers preserve onions by keeping them in enclosures covered with bamboo or thatch to ensure airflow, which could result in as much as 50 per cent of the crop being damaged,” said Md Shamsuddin, regional manager for agriculture at ASA.

“So, we introduced airflow machines in storage facilities for preserving onion to cut the losses caused by crop damage,”

he added.

Shamsuddin then said the technology has been implemented among a few farmers of Sujanagar upazila, the biggest onion producing region in Bangladesh.

Md Shahin Sheikh, a technical officer of ASA, said the machine works by pumping air from above the enclosure to its bottom, under the stacks of onion.

This helps circulate the air inside the enclosure, ensuring that the onions take far longer to rot.

The machine is capable of venting rooms that are 10 feet wide and equally long, where about 300 maunds (each maund equals roughly 37 kilogrammes) of onion can be preserved.

“The onions may lose 10 to 12 per cent of their weight using this method, which is normal, but there is no crop loss. Farmers in India use this technology, which was set up by our technical team,” he added.

Following successful trials, ASA installed the technology at two villages in Sujanagar upazila.

Md Masud Khan, an onion farmer of

Traditionally, farmers preserve onion by keeping them in enclosures covered with bamboo or thatch to ensure airflow, which could result in as much as 50 per cent of the crop being damaged.

Md Shamsuddin  
Regional manager for agri  
ASA

Poradanga village in Sujanagar upazila, said he lost 100 maunds of the crop last year as they became rotten for being preserved in the traditional manner.

Having sold most of his harvest this year, Khan is now preserving the rest in a storage facility featuring the airflow technology.

“I have stored 225 maunds of onion using the new method, for which I had to spend Tk 300 on electricity last month. However, the quality of the onion is looking very fine and so, I expect to get a good profit,” he added.

Farmers have to spend Tk 20,000 for installing the machine at their storages while the technology has a more than 10-year lifespan.

So, this is a very cheap way for farmers to get the maximum benefit of their storage, according to ASA.

The association set up three machines at storages at Tantibando and Poradanga in Sujanagar upazila this year.

Md Jamal Uddin, deputy director of the Department of Agricultural Extension in Pabna, said Bangladesh has sufficient onion production but 30 to 40 per cent is lost each year due to the lack of modern storage facilities.

“The airflow machine is used in India and other countries. If we apply such technology, it will cut a huge amount of the losses from damage,” he added.

## Pandemic, war impeded South Asian growth

### Says IMF Bangladesh mission chief

STAR BUSINESS REPORT

South Asian economic growth and poverty reduction process was impeded by the pandemic and Russia-Ukraine war, says Rahul Anand, division chief of International Monetary Fund’s (IMF) Asia and Pacific department and Bangladesh mission chief.

His comments came at a discussion on a book, “South Asia’s Path to Resilient Growth” at the finance division in the capital yesterday.

Over the past two decades, the number of people in extreme poverty declined from 500 million to fewer than 250 million in Bangladesh, Bhutan, India, the Maldives, Nepal and Sri Lanka, he said. Per capita income during this time has doubled, he said.

However, the pandemic and war’s economic repercussions have slowed down the fight against extreme poverty and impeded the economic growth, he said.

About the book, he said it tackles these headwinds, first setting the stage by reviewing South Asia’s experience during the pandemic and economic impact, and the post pandemic recovery marked by challenges.

The other part of the book shows how policies can make growth more resilient, covering a wide range of topics including the expenditure needs to meet the Sustainable Development Goals, improving equity through labour market and social protection reforms and gender policies, he said.

The session was chaired by Fatima Yasmin, senior secretary to the finance division, while Kabirul Ezdani Khan, additional secretary to the ministry, also spoke.

## Abeywickrema new chair of Nestlé Bangladesh

STAR BUSINESS DESK



Deepal Abeywickrema, managing director of Nestlé Bangladesh PLC, has also been appointed as the chairman of the company, effective from April 6 this year.

With over 30 years of experience in Nestlé, Abeywickrema also served in expatriation to diverse countries like India, Australia and Malaysia where he gained a profound understanding of business dynamics, said a press release.

Under the astute and prudent leadership of Abeywickrema, Nestlé has widely been recognised as the leading nutrition, health, and wellness company in Bangladesh, ensuring long-term sustainable growth and creating shared value for society, it added.

## Bangladesh lags behind rivals

FROM PAGE B1

The United States, Germany, and the United Kingdom have been the top destinations for Bangladesh’s exports, with textile products dominating the trade. The list of top-recipient economies has still been the same regardless of whether the content of Bangladesh’s exports was dominated by domestic or foreign value-added.

The report stated that Bangladesh’s global value chain (GVC) participation rate was relatively low, falling below the world average by around 20 percentage points.

“Further, backward participation has also outweighed forward participation throughout the years, implying that Bangladesh is located at more downstream stages of the GVCs it participates in.”

From the value-added-based analysis, it is also seen that Bangladesh was more on par with its competitors like Cambodia and Pakistan in terms of export concentration.

Even though the textiles sector still comprised a major share of value-added exports, a more balanced distribution was observed, with sectors such as agriculture, wholesale, post and telecommunications and finance

making larger contributions to export production.

For Bangladesh, along with its impending graduation from the grouping of the least-developed countries (LDCs) in November 2026, comes the challenge of discontinuation of benefits granted by preferential trading schemes.

With more favourable rules of origin being established in 2011 as part of the Everything but Arms agreement, a substantial increase in the European Union-based preference utilisation immediately followed. For example, textile products exported to the EU amounted to \$17.3 billion in 2021.

“Thus, a considerable amount of export-driven income is being threatened by the imminent erosion of preferences,” the report said.

As an alternative, the report suggested, Bangladesh can diversify its export destinations and expand market access by entering into new treaties such as regional trade agreements.

Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh, said since the second world war, trade has been the engine of global growth and global value chain growth.

“Global value chain contributes

to trade growth and trade growth is instrumental in the global economic growth. So, they are interlinked.”

He said the rule-based trade order helped generate income and spurred globalisation and dismantling barriers in trade gave the opportunity to create value chain integration.

“But, now new terms such as reshoring, friend-shoring and strategic autonomy are emerging, leading to a fragmented globalisation. This is not good for the global value chain, global growth and international trade.”

It is also not good for Bangladesh, said Sattar, adding that Bangladesh has been a big beneficiary of international trade and global growth.

The economist said the US-China trade tension is raising the cost of trade and the cost of production, forcing customers to pay higher prices for goods and services.

“To survive and prosper, we need a regional value chain. It would be more cost-efficient than the global value chain, giving a greater efficiency dividend.”

According to Sattar, the challenge for diversification remains in Bangladesh and it is due to the tariff structure.

Other top local IT firms exporting to Japan are Shehala, Dream Door Soft, Banglafire Solution, BacBon, CSL Software Resources, Nascenia, W3 Engineers and Brain Station 23.

In early April, a 27-member delegation comprising representatives from 15 Bangladeshi IT companies took part in a three-day Japan IT Week 2023 at a convention centre Tokyo Big Sight.

One of them was Brain Station 23, which has around 700 employees.

“We got more than 30 leads from the IT week. Two more companies got more leads. Besides, I got to know more about Japan by talking to Bangladeshi engineers in Japan,” said its co-founder and CEO, Raisul Kabir.

“The language remains a key barrier in Japan, but it is slowly dissipating, since there are now many Bangladesh people there who know English and they are available as translators or

### Upskill labour force

FROM PAGE B1

friendly programmes, she said. Bidisha made these comments at a panel discussion styled “On the Economy of Tomorrow” organised by non-profit German foundation Friedrich-Ebert-Stiftung at ALOKI Convention Centre in the capital’s Tejgaon marking its 10th anniversary yesterday.

She also urged to take up strategies to focus on the young generation.

Citing that the labour market is very crucial for Bangladesh, she mentioned of other challenges like that from the pandemic, getting real wages and those related to macroeconomic issues such as the increase in inflationary pressure on people.

Many benefits will disappear after the LDC graduation, which may curtail the prosperity of small and medium enterprises (SME) in global competitiveness, said Mofizur Rahman, managing director of the Small and Medium Enterprise Foundation.

“If the SMEs particularly can not compete in the global market, they might have to be shut down or phased out of the market,” said Rahman. The SME sector is still suffering for a lack of skilled workers, technological advances and particularly a lack of export experiences, he added.

He also sought financial support for the SMEs and asked to change the mentality of commercial banks of shying away from lending to the SME entrepreneurs.

Moderating the event, Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the government was providing a lot of incentives through the Bangladesh Small and Cottage Industries Corporation.

“But we don’t see the SMEs develop, which is so essential in employment generation for our economy to grow fast and remain competitive in the global market,” he added. Niloy Ranjan Biswas, an associate professor of the international relations department at the University of Dhaka, also spoke.

## New policies on cards

FROM PAGE B1

All rates, such as export, import, and remittance will not be the same. The rates will be kept within a band of two per cent,” said Haque.

Besides, the central bank will start publishing both net and gross foreign exchange reserves from July as well.

The IMF has set the conditions while sanctioning loans amounting to \$4.7 billion to Bangladesh.

The multilateral lender has asked the central bank to calculate the reserves excluding the US dollar investments extended to exporters and others.

Haque was also asked about the unrealised export proceeds.

Some media outlets reported that the unrealised export proceeds stood at \$3 billion. But the central bank official explained that they might have used the data from the Export Promotion Bureau (EPB) to reach the figure.

The central bank and the EPB calculate the forex reserve differently,

Haque said.

“As per our calculation, the actual unrealised proceeds of exports now stand at \$1.4 billion.”

He shared five major categories linked to the unrealised export earnings.

The unrealised export takings from the short-shipment category are \$255 million, \$40 million from the bankruptcy of exporters, \$20 million from the bankruptcy of importers, \$125 million from the fake exports, and \$251 million from litigations.

“The proceeds are awaiting repatriation. Some proceeds will be repatriated if the country wins litigations,” Haque said.

An IMF staff mission came to the country on April 25 to monitor the implementation of the conditions and observe the macroeconomic progress of the country.

The team completed its visit yesterday after a series of meetings with various government agencies.

## Incentives planned

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The panel found that the incentives can be given in alternative ways so the exports of the country remain robust and become more competitive after graduation, he said.

However, different sectors will enjoy different benefits that fit the sectors well, he said, adding that the garment sector may be given the duty waiver on the import of MMF from the next year’s budget, for example.

“It is not possible to offer zero duty on the import of solar panels that businesses have demanded.”

However, the government will have to reduce the duty on the import of solar panels to increase the use of renewable energy and meet a condition of the European Union.

The rules on getting refunds, such as that related to the advance income tax, will be simplified for exporters so that they can receive the money easily without any hassle, he added.

The continuation of policy support for the garment industry in the post-LDC period needs to be ensured as

the country’s largest foreign currency earner will face difficulties after graduation, Ghosh also said.

Bangladesh may face barriers to the export of garment items in the post-LDC period. So, it is important to continue the policy support to maintain robust export growth and to be more competitive in the post-LDC period, said a statement from the BFTI.

### Janata Bank’s

FROM PAGE B1

Deposits inched up 0.10 per cent to Tk 101,457 crore in 2022. However, fixed deposits dropped 9.38 per cent to Tk 50,519 crore.

Janata’s loans and advances increased 21 per cent to Tk 85,208 crore. The advance deposit ratio improved to 82.93 per cent in 2022, an increase from 67.7 per cent a year ago.

The bank’s paid up capital is Tk 2,314 crore. Its capital shortfall under BASEL III stood at Tk 1,737 crore at the end of 2022, up from Tk 723 crore in 2021.

## Shahjalal Islami Bank posts higher profit in Q1

STAR BUSINESS REPORT

Shahjalal Islami Bank Ltd's profit rose 4.25 per cent year-on-year Tk 105.89 crore in the first quarter of 2023.

The profit stood at Tk 101.57 crore in the January-March quarter of 2022.

Thus, the consolidated earnings per share of the bank were Tk 0.98 in January-March against Tk 0.94 reported in the same quarter of the previous financial year, according to the unaudited financial statements.

The consolidated net operating cash flow per share (NOCFPS) surged to Tk 12.84 from Tk 2.15. The consolidated net asset value per share (NAVPS) rose to Tk 21.20 on March 31 this year from Tk 18.33 on the same day last year.

The NOCFPS increased thanks to a hike in investment incomes, deposits received from customers and recovery against investments. The NAVPS rose because of a rise in the net profit after tax, said the Shariah-based bank in a filing on the Dhaka Stock Exchange.

Shares of Shahjalal Islami Bank closed unchanged at Tk 18.80 on the premier bourse of Bangladesh yesterday.

## Rising iPhone sales help Apple beat forecasts

AFP, San Francisco

Apple on Thursday said iPhone sales and money made from services powered quarterly earnings that beat forecasts, despite inflation pressure and the slowing global economy.

The iPhone maker's bottom line capped a successful earnings season for US tech giants, with Meta, Google and Amazon also beating expectations after suffering a painful spell of lower sales and profits.

The smartphone titan reported profit of \$24 billion on revenue of \$94.8 billion in the first three months of this year.

The overall revenues for the period were lower than a year before, though this was expected, and Apple's shares were up about one percent in after-market trading.

"We are pleased to report an all-time record in services and a March quarter record for iPhone despite the challenging macroeconomic environment," Apple chief executive Tim Cook said in an earnings release.

## US hiring shows surprise surge

AFP, Washington

Hiring in the United States picked up pace in April and unemployment returned to a multidecade low, government data showed Friday, signaling labor market resilience despite higher interest rates to tackle inflation.

The unexpected surge comes amid banking sector upheaval, higher borrowing costs and uncertainty surrounding a potential government default.

The world's biggest economy added 253,000 jobs last month, up from a revised 165,000 figure in March, said the Labor Department.

Meanwhile, the jobless rate ticked back down to 3.4 per cent, a level last seen in January and before then, the late 1960s.

"Employment continued to trend up in professional and business services, health care, leisure and hospitality, and social assistance," the Labor Department said in a statement.

Pay gains accelerated as well, with average hourly earnings rising 0.5 per cent to \$33.36, data showed. Compared with a year ago, the figure is up 4.4 per cent.

President Joe Biden hailed the figures, saying in a Twitter post: "My plan to invest in America is working."

While job gains in March were initially pegged at 236,000, the numbers were revised in the latest report -- alongside a similarly big downward revision to February's figures.

"The aggregate revision is split roughly evenly between February and March, with most of the downshift in the private services sector," said Ian Shepherdson, chief economist at Pantheon Macroeconomics.



Bhutanese King Jigme Khesar Namgyel Wangchuck pays a courtesy call on Prime Minister Sheikh Hasina at The Claridge Hotel in London on Saturday (local time). On the far right is the Bangladesh premier's younger sister, Sheikh Rehana.

PHOTO: PIO

## Life insurers continue to keep faith in govt securities

SUKANTA HALDER

Life insurance companies in Bangladesh have continued to put more than half of their investments in treasury bills and bonds in the absence of diversified investment opportunities, official figures showed.

Government bonds and bills accounted for 54 per cent, 52 per cent and 53 per cent of the total investments of insurers in 2020, 2021 and 2022 respectively, according to the Insurance Development and Regulatory Authority (Idra).

During the period, insurance companies invested Tk 36,674 crore, Tk 37,904 crore and Tk 37,992 crore in government securities, mutual funds, shares, debentures, real estate, listed banks and other sectors.

An Idra document showed that in the last three years, 35 life insurance companies that operate in Bangladesh parked most of their funds in government securities, fixed deposits, stock markets and policy loans and purchasing land, buildings, flats.

Land and other properties accounted for 8.39 per cent of their investments last year, up from 8.01 per cent in 2021. Their collective fixed deposits with banks were 21.07 per cent of the portfolios, down from 23.34 per cent a year ago.

The investment in government securities is much higher than the rules stipulated by the Idra as the investment tools are considered highly secure.

Idra regulations stipulate that at least 30 per cent of the funds held by the life insurance companies should be invested in government securities.

Ala Ahmad, CEO of MetLife Bangladesh, said: "In Bangladesh, we are one of the largest investors in government bonds. We are also strengthening our investment portfolio by investing in selective corporate bonds."

Sheikh Rakibul Karim, CEO of Guardian

Life Insurance, says good companies always seek less risky options to ensure a better return.

"In that sense, the best investment opportunity is offered by government bonds."

According to Karim, adequate investment opportunities have not been developed in Bangladesh for the insurance sector to make the most of their funds.



**In Bangladesh, we are one of the largest investors in government bonds. We are also strengthening our investment portfolio by investing in selective corporate bonds.**

**Ala Ahmad**  
CEO of MetLife Bangladesh

"Many companies even are worried about keeping deposits with banks as some lenders have recently been in a difficult situation."

Globally, equities, middle market corporate loans, infrastructure debt, real estate equity, infrastructure equity and investment grade private placements were favoured asset classes for insurers, according to a survey report by Goldman Sachs Asset Management last year.

Jalalul Azim, managing director of Pragati Life Insurance, sees investing a large part of the portfolio in treasury bills and bonds as a sound strategy.

"The stock market has not been in good shape for the last few years, while banks offer lower deposit rates than previously."

Shahidul Islam Zahid, a professor of the department of banking and insurance at the University of Dhaka, says there is a concentration risk if insurers invest more than 50 per cent of their portfolio in a specific sector.

"Investing in government bonds was previously thought to be risk-free. But we are going through higher inflation," he said, adding that the return might be lower owing to the higher inflation.

In Bangladesh, inflation has remained at an elevated level for nearly a year. It stood at 9.24 per cent in April.

But the yield of bonds is higher than the inflation rate, according to Ershad Hossain, managing director at City Bank Capital Resources Ltd.

He said insurance companies hold a huge volume of funds for a longer period, but they mostly keep them in government securities and fixed deposits with banks.

So, rules should be there so that insurers can channel their funds to the bonds issued by corporates and banks, he said.

Main Uddin, a professor at the banking and insurance department in the University of Dhaka, says investing a large part in government bonds in the context of Bangladesh is not strategically bad.

"If companies invest in areas other than government securities, the return might be higher. But at the same time, the risk would also be higher."

Jahangir Alam, a spokesperson of the Idra, said overall, government bonds are the safest place for investors.

"From that point of view, it is natural that investors will give more priority to investing in government bonds."

"Idra's regulations stated that at least 30 per cent should be invested in government bonds. But if someone invests more than that, it's not a bad thing."

## PM offers economic zone to Bhutan for mutual benefits

BSS, London

Prime Minister Sheikh Hasina offered Bhutan a scope to build an economic zone in Bangladesh for mutual benefits during a meeting in London with Bhutanese King Jigme Khesar Namgyel Wangchuck and Queen Jetsun Pema.

"We're establishing economic zones in Bangladesh. You can build an economic zone in our country," Foreign Minister Dr AK Abdul Momen quoted her as saying in a news briefing after the meeting on Saturday (local time).

Earlier, the Bangladesh premier and her younger sister Sheikh Rehana received the Bhutanese king and queen upon their arrival at The Claridge Hotel.

The Bangladesh premier said Bangladesh has already provided economic zones to India, Japan and South Korea.

"If you want, we can give you an economic zone in Kurigram," she said.

Sheikh Hasina made the offer when the Bhutanese king said they wanted to build an administrative economic zone in his country keeping the environment unharmed.

The Bangladesh foreign minister said Bhutan does not want to endanger their country environmentally as their country was a happy one.

The prime minister said Bangladesh has been developing communication with neighbours through all possible modes, including railways.

"Bangladesh is a connectivity hub. Bhutan can use Bangladesh's two ports and the Syedpur international airport," she said.

The Bhutanese king and queen praised the economic advancement of Bangladesh under the leadership of Sheikh Hasina.

The Bhutanese king expressed his desire to get direct transit to Bangladesh through India.

The Bangladesh premier welcomed Bhutan's eagerness, saying, "If necessary, we will talk to India over the matter."

The Bhutanese king said his country's prime minister and foreign minister have a special attachment with Bangladesh as both of them studied in Bangladesh.

He said both the premier and foreign minister of Bhutan wanted to visit Bangladesh privately.

To this end, Sheikh Hasina said, "My door is open for your people."

During the 50-minute meeting, they also discussed various family affairs and the Bhutanese king and queen spoke as if the prime minister was their maternal aunt, said the Bangladesh foreign minister.

## German recession fears rise as factory orders plummet

AFP, Frankfurt

Industrial orders at German factories saw their biggest fall in March since the outbreak of the Covid pandemic in 2020, data showed Friday, the latest sign that Europe's biggest economy is facing a steep downturn.

New orders, which give a foretaste of industrial output, dropped a surprise 10.7 per cent from the previous month, according to provisional figures from federal statistics authority Destatis.

It was the biggest decline since April 2020, when the coronavirus pandemic snarled the global economy amid lockdowns and border closures.

The fall was far steeper than the 2.8 per cent decline forecast by analysts surveyed by the financial data firm FactSet.

Orders had been rising in recent months, bolstering hopes that Germany was weathering the fallout from the Ukraine war and resulting energy crisis better than feared.

But the latest data rang alarm bells anew about the state of the economy, with LBBW bank economist Jens-Oliver Niklasch calling the plunge a warning for investors.

"This figure destroys what had been a good start to the year for German industry, and is a real recession signal," he said in a research note.

The decline was reported across most areas of the manufacturing sector, Destatis said, with foreign orders dropping by 13.3 per cent and domestic orders by 6.8 per cent. Berenberg Bank economist Holger Schmieding said that "seen in isolation", the drop in orders "clouds the outlook for German manufacturing".



A "Now Hiring" sign is posted outside a restaurant looking to hire workers in Miami, Florida on May 05. US employment continued to trend up in professional and business services, health care, leisure and hospitality, and social assistance, the Labor Department said in a statement. PHOTO: AFP

## China forex reserves jump to \$3.2tr

REUTERS, Beijing

China's foreign exchange reserves rose more than expected in April, official data showed on Sunday, as the dollar fell against other major currencies.

The country's foreign exchange reserves - the world's largest - rose by \$21 billion to \$3.205 trillion last month, compared with \$3.192 trillion tipped by a Reuters poll of analysts and \$3.184 trillion in March.

The yuan fell 0.63 per cent against the dollar in April, while the dollar last month fell 0.94 per cent against a basket of other major currencies.

China held 66.76 million fine troy ounces of gold at the end of April, rising from 66.50 million ounces at end-March.

The value of China's gold reserves rose to \$132.35 billion at the end of April from \$131.65 billion at the end-March.