

## Wide gap in formal-informal exchange rates led to forex reserve slide: WB

### STAR BUSINESS REPORT

A wide gap in formal and informal exchange rate has been one of the factors behind the sharp fall in the foreign exchange reserves in Bangladesh as it shifts remittances from official channels to unofficial routes and impedes repatriation of export proceeds, said the World Bank.

The observation comes as the country's foreign exchange reserves dropped 29.45 per cent to \$29.77 billion in a span of one year owing to higher import bills against moderate export and remittance earnings, Bangladesh Bank data showed.

"The widening of the exchange rate gap and the uncertainty about exchange rates, in general, diverted remittance inflows away from official channels, especially as remitters can obtain more favourable market rates through unofficial channels," the WB said in a report.

In Bangladesh, a one-per cent deviation between the formal and



informal exchange rate shifts 3.6 per cent of remittances from the formal to the informal financial sector, said the multilateral lender's latest regional economic update titled "Expanding Opportunities: Toward Inclusive Growth."

On the subject, a two-day conference began in Dhaka yesterday. The Brac Institute of Governance and Development (BIGD) and the WB jointly organised the event at the Brac Centre Inn.

According to the report, interventions in the foreign

exchange market and declining official remittance inflows have reduced foreign reserves in most countries.

As countries sold US dollars to stabilise the exchange rate, the move brought down the level of reserves. The decline in official remittance inflows and export proceeds put further downward pressure on the reserves of the countries.

The report said as the official exchange rate was set at an artificially strong level that is inconsistent with the market, the gap between the interbank and

the informal market widened in Bangladesh.

In 2021-22, external sector pressures rose due to rising commodity prices, a strengthening US dollar, sharp increases in imports, and declining official remittance inflows.

In response, the BB sold US dollars, which drew down foreign reserves. To address the mounting pressures, the central bank floated the exchange rate in June last year.

The policy led to a rapid exchange rate depreciation of 11 per cent against the US dollar. As a result of the reversal, the gap between official and unofficial exchange rates widened in August, which depleted foreign exchange liquidity in banks.

The taka has lost its value by about 25 per cent against the US dollar in the last year.

In September last year, Bangladesh moved to a multiple exchange rate regime with a less favourable rate for export

proceeds than for remittances. The policy further discouraged exports and the repatriation of proceeds.

The rate has varied between as low as Tk 99.6 to as high as Tk 107 per USD so far.

Because of the gap between the exchange rates for imports and remittances, importers have incentives to over-invoice imports to buy more US dollars from banks and send the profits back as remittances. This rate arbitrage leads to a further decline in US dollar liquidity in banks, the report said.

"Parallel exchange rates discouraged the inflow of foreign currencies."

The report also talked about the asset quality of the banking sector, saying the asset quality of banks deteriorated.

"The NPL ratio has risen due to higher import costs, poor payment discipline of borrowers, and weak regulatory enforcement."

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## Banks asked to display hotlines properly

### STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks to display their respective hotline in a noticeable place in all branches and sub-branches such that customers can submit allegations to authorities concerned to resolve their problems.

Banks have also been instructed to display Bangladesh Bank's hotline of 16236 in a similar way so that clients can submit their allegations to the central bank.

The hotline will have to be tagged with the complaint boxes, which have been set by all banks, according to a BB notice issued yesterday.

The banking regulator said telephonic communication was playing an important role in widening digital banking. Such type of communication is an effective channel to ensure improved banking and resolve complaints.

A BB official said banks would have to give more importance to improving telephonic communication so that clients can resolve their problems while availing banking services efficiently.

Under such a situation, the central bank issued the notice to boost telephonic communication.



Sugar prices recently reached a record high, going for as much as Tk 142 per kg at retail. Considering the needs of low-income people, the government is set to import 12,500 tonnes of the sweetener for sale at subsidised rates. The photo was taken from a shop in Khulna city last night.

PHOTO: HABIBUR RAHMAN

## Govt buying sugar, edible oil to sell at subsidised rates

### STAR BUSINESS REPORT

The government will procure 12,500 tonnes of sugar and 1.10 crore litres of soybean oil from foreign markets so that low-income groups in Bangladesh can buy the commodities at subsidised rates, according to Sayeed Mahub Khan, additional secretary of the Cabinet Division.

The Trading Corporation of Bangladesh (TCB) will procure the sugar from a local agent of Smart Matrix Pte Limited in Singapore

while the soybean oil will come from Guben Traders Private Limited in India.

The move comes as global inflationary pressure stemming from global crises, namely the Russia-Ukraine war, has driven up domestic prices of edible oil and sugar.

A meeting of the Cabinet Committee on Government Purchase (CCGP) yesterday approved separate proposals for procuring the essential food items with Finance Minister AHM Mustafa Kamal in chair.

The price of each kilogramme (kg) sugar will be Tk 82.94 and each litre of soybean oil will be Tk 146.10, Khan told reporters after the meeting.

Sugar prices recently rose to a record high at wholesale and retail markets in Dhaka and Chattogram due to an ongoing supply crunch.

The sweetener is currently selling for Tk 135 to Tk 142 per kg even though the government had set the price at Tk 104 about one month back.

READ MORE ON B3

## Bangladesh cuts import reliance for lifesaving vaccines

### JAGARAN CHAKMA

Bangladesh has cut its reliance on the global markets for lifesaving vaccines as a number of local manufacturers are producing quality jobs, saving a significant volume of foreign currencies, industry people say.

Currently, Bangladesh is almost self-sufficient in manufacturing regular and specialised vaccines thanks to the efforts of local manufacturers.

Three local pharmaceutical companies -- Incepta Pharmaceuticals, Popular Pharmaceuticals and Globe Biotech -- are involved in the manufacturing of more than 14 types of vaccines, including those for antivenom, Hepatitis B, inactivated influenza, rabies, tetanus and typhoid.

SM Shafiuzzaman, secretary-general of the Bangladesh Association of Pharmaceutical Industries (Bapi), says the dependency on the overseas markets for vaccines has reduced in the last one decade as local manufacturers produce quality products.

Md Ayub Hossain, additional director-general of the Directorate General of Drug Administration (DGDA), echoed Shafiuzzaman.



The dependency on the overseas markets for vaccines has reduced in the last one decade as local manufacturers produce quality products

SM Shafiuzzaman  
Secretary-general of Bapi

Both the government and entrepreneurs have given efforts to develop vaccines and reduce import reliance over the decade, said Hossain.

Incepta is the pioneer in vaccine production and has the capability to manufacture 50 crore doses of vaccines every year.

"Bangladesh is about to become self-sufficient in manufacturing vaccines thanks to the efforts of pharmaceutical companies and the government's policy support," said Abdul Muktedir, chairman and managing director of Incepta Pharmaceuticals.

The pharma giant produces 14 types of vaccines at its plant and has its own research and development wing to develop vaccines.

"We have four vaccines in the pipeline, including one for treating pneumonia in children," Muktedir said.

He says vaccine manufacturing is time-intensive and requires higher investments. "But the return comes slowly, so manufacturers do not feel interested in investing in vaccine manufacturing."

The entrepreneur, however, hopes some companies will enter the vaccine manufacturing segment in the future.

Popular Pharmaceuticals have been manufacturing four types of human vaccines since 2011 to treat tetanus, rabies, Hepatitis B, and human papillomavirus. It has a manufacturing capacity of producing 5 lakh doses of shots per month.

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STOCKS			
	DSEX ▲	CASPI ▲	
	0.19%	0.15%	
	6,273.59	18,504.14	

COMMODITIES			
	Gold ▲	Oil ▼	
	\$2,031.21	\$72.43	
	(per ounce)	(per barrel)	

ASIAN MARKETS			
	MUMBAI	TOKYO	SINGAPORE
	Flat	▲ 1.01%	▼ 0.45%
	61,761.33	29,242.82	3,242.95
			▼ 1.10%
			3,357.67

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## Lower oil prices bring down Aramco's profit

REUTERS, Dubai

Saudi oil giant Aramco's first quarter net profit dropped 19 per cent from a year earlier to 119.54 billion riyals (\$31.88 billion), it said on Tuesday, due to lower crude prices.

Profit still beat analysts' median forecast of \$30.8 billion, according to Refinitiv data, and Aramco said the decline was partially offset by lower taxes including in the zakat Islamic tax and a rise in finance and other income.

Net profit was 3.75 per cent higher than in the fourth quarter.

The world's top oil exporter made a record profit of over \$161 billion for 2022 on higher energy prices and production.

Last month, Saudi Arabia and other Opec+ producers announced surprise oil production cuts from May, initially driving up prices, but global economic uncertainty and an unclear demand outlook continue to weigh on prices.

Crude petroleum and natural gas contributed 32.7 per cent of Saudi Arabia's gross domestic product last year, with petroleum refining making up another 6 per cent.

## iPhone maker buys huge site in India tech hub

AFP, Bengaluru, India

Taiwanese electronics giant Foxconn has bought a huge tract of land on the outskirts of Indian tech hub Bengaluru, the key Apple supplier said in a filing Tuesday as it looks to diversify production away from China.

Also known by its official name, Hon Hai Precision Industry, Foxconn is the world's biggest contract electronics manufacturer and a principal assembler of Apple iPhones.

Both companies are seeking to shift manufacturing away from China after strict Covid policies, a bout of industrial unrest and ongoing diplomatic tensions with the United States hurt production.

The 1.2 million-square-metre (13 million-square-foot) acquisition in Devanahalli, near the airport for Bengaluru, was announced in a statement to the London Stock Exchange.

It said that subsidiary Foxconn Hon Hai Technology India Mega Development was paying three billion rupees (\$37 million) for the site, the size of more than 50 Manhattan city blocks.

Another Foxconn unit was acquiring land use rights to a 480,000-square-metre site in Vietnam's Nghe An province, it added.

Karnataka state chief minister Basavaraj S. Bommai said in March that Apple would "soon" manufacture iPhones at a new plant that would create "about 100,000 jobs".

Bloomberg News reported that month that Foxconn was planning to invest \$700 million in a new factory in Karnataka.



Industries Minister Nurul Majid Mahmud Humayun cuts a ribbon at Meghna Industrial Economic Zone in Sonargaon, Narayanganj yesterday to inaugurate a factory of CHT Bangladesh, a subsidiary of German-based textile chemical manufacturer GmbH Group. Among others, Tanjima Binthe Mostafa, director of the Meghna Group of Industries, Additional Secretary Md Ali Ahsan, executive member (administration and finance) of Bangladesh Economic Zones Authority, and Frank Naumann, CEO and chairman of the management board of CHT Group, were present.

PHOTO: MEGHNA GROUP OF INDUSTRIES

# CHT Bangladesh opens unit in Meghna economic zone

STAR BUSINESS REPORT

CHT Bangladesh, a subsidiary of German textile chemical manufacturer GmbH Group, yesterday inaugurated its first factory, which was set up on 2.2 acres of land at the Meghna Industrial Economic Zone in Sonargaon of Narayanganj.

Industries Minister Nurul Majid Mahmud Humayun inaugurated the factory as chief guest, according to a press release.

"All the sectors are improving due to various initiatives of the current government," he said.

"It is hoped that foreign companies will increase their investment in the country as the government is giving all kinds of support to this end," Humayun added.

All types of amenities are available inside the Meghna Industrial Economic Zone and besides, communication is very easy thanks to the nearby Dhaka-Chittagong

Highway.

The industries minister then said a large part of Bangladesh's economy is related to the textile industry and this investment would further improve its productivity.

With trial production having already begun, the factory will go into full production by the end of this month, informed officials of CHT Bangladesh.

Tanjima Binthe Mostafa, director of the Meghna Group of Industries (MGI), said establishing the private economic zone was a significant decision by the government that encouraged foreign investment.

"I would like to thank Prime Minister Sheikh Hasina and the Bangladesh Economic Zones Authority [Beza] for this," she added.

Mostafa went on to say that private economic zones are playing an important role in the industrialisation of Bangladesh.

Besides, the MGI is encouraging foreign companies to make

sustainable and effective investments by ensuring world-class facilities at its economic zones.

A total of 22 industrial establishments of 11 foreign companies, including Australia, Japan, Germany, China, India and Norway, have been established in the economic zone located in Narayanganj.

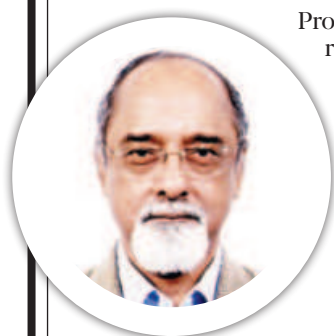
"If this continuity is maintained, Bangladesh will soon rise to the next stage of the economic index," she said.

The factory will mainly produce textile dyes and chemicals, an official of CHT Bangladesh told The Daily Star over phone yesterday.

Md Ali Ahsan, an executive member of Beza, Frank Naumann, chairman of CHT Group, Axel Breitling, chief financial officer, Bernhard Hettich, chief technology officer, and Benoit Moutault, managing director (CHT Switzerland AG) and group vice-president (textile) were also present.

## Baqui Khalily re-elected Bank Asia board risk management committee chairman

STAR BUSINESS DESK



Prof MA Baqui Khalily has been re-elected chairman of the Board Risk Management Committee of Bank Asia Limited at a meeting of its Board of Directors recently.

Khalily is one of the independent directors of the bank, said a press release.

He joined as a faculty member at the Department of Finance of the University of Dhaka

in 1975 after attaining his BCom and MCom in finance from the same institution.

He obtained his MSc and PhD with majors in finance and development in 1987 and 1991 respectively from Ohio State University in the US.

After teaching for 37 years, Professor Khalily retired from the University of Dhaka in 2012.

He has a large number of publications especially on rural finance, financial inclusion, SME development and microfinance in prominent national and international journals. He also authored and co-authored many books and research monographs.

Professor Khalily also held many important administrative positions. He was the executive director of the Institute of Microfinance, acting vice-chancellor and pro vice-chancellor of Presidency University, chairman of the department of finance at the University of Dhaka, and director of Dhaka Stock Exchange Limited.

Professor Khalily currently teaches at the department of business administration of the University of Asia Pacific.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAY 9, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	3.85 ↑
Coarse rice (kg)	Tk 46-Tk 50	0	6.67 ↑
Loose flour (kg)	Tk 55-Tk 60	1.77 ↑	51.32 ↑
Lentil (kg)	Tk 90-Tk 100	-2.56 ↓	-7.32 ↓
Soybean (litre)	Tk 175-Tk 185	4.96 ↑	-3.23 ↓
Potato (kg)	Tk 35-Tk 40	38.89 ↑	108.33 ↑
Onion (kg)	Tk 60-Tk 65	78.57 ↑	78.57 ↑
Egg (4 pcs)	Tk 45-Tk 50	9.2 ↑	31.94 ↑

SOURCE: TCB



Christof Hässig, chairman of LafargeHolcim Bangladesh, virtually presided over its 25th annual general meeting yesterday. The shareholders approved 48 per cent cash dividend, including 33 per cent interim dividend which has already been paid, for 2022. Iqbal Chowdhury, chief executive officer, other members of the board of directors and shareholders of the company attended the meeting.

PHOTO: LAFARGEHOLCIM BANGLADESH



Fasihul Mostofa, head of the digital channel and ADC department of Guardian Life Insurance, and Mohammad Kudratullah, chief operating officer of PayWell, exchanged signed documents of a strategic partnership agreement on payment and additional value-added services at the insurer's head office in Dhaka recently. Ariful Hoque and Asif Ul Islam, assistant vice-presidents of the insurer, Shahin Shahadat, assistant manager, Tasnim Trisha, officer of digital channel and ADC department, and Mehrnaz Mueed, head of strategy and planning at PayWell, Tokee Mesbah Uddin, lead of new business and partnership, and Rakibul Islam, senior executive, were present.

PHOTO: GUARDIAN LIFE INSURANCE

## AI could replace 80% of jobs 'in next few years': expert

AFP, Rio de Janeiro

Artificial intelligence could replace 80 per cent of human jobs in the coming years – but that's a good thing, says US-Brazilian researcher Ben Goertzel, a leading AI guru.

Mathematician, cognitive scientist and famed robot-creator Goertzel, 56, is founder and chief executive of SingularityNET, a research group he launched to create "Artificial General Intelligence," or AGI – artificial intelligence with human cognitive abilities.

With his long hair and leopard-print cowboy hat, Goertzel was in provocateur mode last week at Web Summit in Rio de Janeiro, the world's biggest annual technology conference, where he told AFP in an interview that AGI is just years away and spoke out against recent efforts to curb artificial intelligence research.

"If we want machines to really be as smart as people and to be as agile in dealing with the unknown, then they need to be able to take big leaps beyond their training and programming. And we're not there yet. But I think there's reason to believe we're years rather than decades from getting there."

"I don't think we should pause it because it's like a dangerous superhuman AI... These are very interesting AI systems, but they're not capable of becoming like human level general intelligences, because they can't do complex multi-stage reasoning, like you need to do science. They can't invent wild new things outside the scope of their training data."

"They can also spread misinformation, and people are saying we should pause them because of this. That's very weird to me. Why haven't we banned the internet? The

internet does exactly this. It gives you way more information at your fingertips. And it spreads bullshit and misinformation.

"I think we should have a free society. And just like the internet shouldn't be banned, we shouldn't ban this."

"You could probably obsolete maybe 80 percent of jobs that people do, without having an AGI, by my guess. Not with ChatGPT exactly as a product. But with systems of that nature, which are going to follow in the next few years."

"I don't think it's a threat. I think it's a benefit. People can find better things to do with their life than work for a living... Pretty much every job involving paperwork should be automatable."

"The problem I see is in the interim period, when AIs are obsoleting one human job after another... I don't

know how (to) solve all the social issues."

"You can do a lot of good with AI."

"Like Grace, (a robot nurse) we showcased at Web Summit Rio. In the US, a lot of elderly people are sitting lonely in old folks' homes. And they're not bad in terms of physical condition – you have medical care and food and big screen TV – but they're bad in terms of emotional and social support. So if you inject humanoid robots into it, that will answer your questions, listen to your stories, help you place a call with your kids or order something online, then you're improving people's lives. Once you get to an AGI, they'll be even better companions."

"In that case, you're not eliminating human jobs. Because basically, there's not enough people who want to do nursing and nursing assistant jobs."



SingularityNET Founder and CEO Ben Goertzel performs along with the AI robot Desdemona during the Web Summit Rio 2023 at the RioCentro Expo Center in Rio de Janeiro, Brazil on May 3.

PHOTO: AFP





Mangoes of the “Gobindabhog” variety grown in the Satkhira region are being sold at Tk 150 per kilogramme from a rickshaw van at the north gate of Baitul Mukarram National Mosque in Dhaka yesterday. There is only a week or two to go before the mango season, when truckloads of the juicy delicacy will start arriving in the capital from major growing regions of Rajshahi, Chapainawabganj and Dinajpur with varieties having exotic names like Fazlee, Langra, Gopalbhog, Himsagar, Khirsapat, Ashwina, Khisanbhog, Kohitoor, Mohanbhog and Misribhog.

PHOTO: AMRAN HOSSAIN

## GE to offer advanced gas turbines

### STAR BUSINESS REPORT

General Electric (GE) is planning on offering use of advanced gas turbine technologies, capable of burning blends of hydrogen and natural gas, to lead an energy transition in Bangladesh and decarbonise it further, according to its senior officials in Dhaka yesterday.

“GE remains committed to leading a new era of clean energy in Bangladesh,” said Deepesh Nanda, CEO GE Gas Power South Asia, at a seminar on “Powering Smart Bangladesh” at InterContinental Dhaka.

“Today, the GE’s technology is powering multiple power plants in the country and our power services are helping the power plant owners to use the fuel efficiently while generating electricity at lower cost,” he said. The GE is offering its wide portfolio of heavy-duty and aeroderivative gas turbines to meet specific powering requirements, such as balancing the grid and improving reliability of the power plant, he added.

“We are prioritising introduction of policy interventions that can support the development of clean energy infrastructure in Bangladesh,” said Md Habibur Rahman, power secretary. “... and contribute towards economic growth of the country by effectively meeting the power demand in future,” he said.

“We are also keen to invest in technologies that are already tested and can help Bangladesh to reduce carbon emissions quickly,” he said.

“Switching to hydrogen fuel for power generation in future is one such example, where global companies like the GE, having tremendous experience in the field, can collaborate with us in the sustainable development of Bangladesh’s power sector,” Rahman said in a statement.

## Bida adds four new services to OSS portal

### STAR BUSINESS REPORT

The Bangladesh Investment Development Authority (Bida) has added four new services to its One Stop Service (OSS) portal.

The services are: the use of VIP lounge of Bida at the airport and providing waiver of condition 7, single process (name clearance, company

**Along with the four new services, a total of 67 services will be available on OSS now**

registration and payment) of the Registrar of Joint Stock Companies and Firms and the issuance of possession certificate of Chattogram Development Authority (CDA).

Bida’s Executive Chairman Lokman Hossain Miah launched the services at the conference room of Bida yesterday.

Along with the four new services, a total of 67 services, including 20 services of Bida and 47 services of other 22 organisations, will be available on the OSS platform now.

Investors will now be able to get access to more services from their home without physically visiting the Bida office, Miah said.

The investors can now easily apply to get their desired services in just 10 minutes from any part of the world, he said.

Text or email will be sent to the applicant in a short time if the required documents are not submitted with the application, the Bida executive chairman said.

Miah pointed out that during Prime Minister Sheikh Hasina’s recent visit to Japan, top companies of that country, including Mitsubishi, expressed their interest to invest in Bangladesh at the special economic zone for Japanese companies.

The Bida does not work only for attracting foreign investment, rather it is also committed to extend equal services to the domestic investors, he said.

“We have been able to create a red-tape-free investment environment. Now we have to use our time wisely. The more transparent investment services we can provide in a short period of time the more Bangladesh will advance.”

Khandaker Azizul Islam, executive member of Bida, also spoke.

## Uttara Bank’s profit rises nearly 20% in Jan-Mar

### STAR BUSINESS REPORT

Uttara Bank Limited’s profit rose 19.72 per cent year on year in the January-March quarter of the current financial year.

Thus, the consolidated earnings per share of the private commercial bank rose to Tk 0.85 in the first quarter from Tk 0.71 in the identical period of 2022, according to the unaudited financial statements.

Uttara Bank clocked a Tk 270.37 crore profit in 2022, up 21.74 per cent from a year earlier.

Its consolidated net operating cash flow per share stood at a negative Tk 4.67 in January-March of 2023, down from a negative Tk 8.32 a year earlier.

The consolidated net asset value per share rose to Tk 32.65 on March 31 this year from Tk 29.54 on the same day last year.

Shares of Uttara Bank traded at Tk 22 on the Dhaka Stock Exchange yesterday.

## National Life Insurance’s profit up 50% in 2022

### STAR BUSINESS REPORT

National Life Insurance Company Ltd posted a 50 per cent year-on-year increase in profit to Tk 62.73 crore in 2022.

The profit stood at Tk 41.67 crore in 2021.

The insurer, thus, reported consolidated earnings per share of Tk 5.78 for the last financial year, which was Tk 3.84 in 2021.

The consolidated net asset value per share surged to Tk 68.22 last year from Tk 52.65 in 2021 while the consolidated net operating cash flow per share slid to Tk 24.10 from Tk 37.40 during the period.

The board of directors has recommended a 38 per cent cash dividend for the year that ended on December 31, the highest in seven years, data from the Dhaka Stock Exchange showed.

Shares of National Life Insurance traded at Tk 179 yesterday, unchanged from a day earlier.

## Rupee hits over two-week low

### REUTERS, Mumbai

The Indian rupee fell to a more than two-week low on Tuesday on the back of dollar purchases by importers and short covering by traders, with a rise in US yields also adding to the pressure.

The rupee ended at 82.0375 per US dollar, compared with its close of 81.7950 in the previous session. The demand for dollars might be due to purchases by importers, said Anand James, chief market strategist at Geojit Financial Services.

An uptick in the USD/INR was brewing, with the 81.6 support level having held firm for the last two weeks, James said.

## US banks may tighten lending standards on sector worries

### AFP, Washington

US banks tightened lending standards in the first few months this year, and expect this to continue over the rest of 2023, said a Federal Reserve survey released on Monday.

The report, which is closely watched on Wall Street, comes as the financial sector contends with deposit outflow worries on the back of turmoil after the high-profile collapse of Silicon Valley Bank and Signature Bank in March.

In recent weeks, shares of midsized banks suffered brutal trading days while investors remained on edge for a repeat of earlier episodes in which deposit runs precipitated or played a significant role in bank failures.

Asked about their outlook for lending standards over the rest of 2023,

“banks reported expecting to tighten standards across all loan categories,” the Fed said on Monday.

Among the most frequently cited reasons included an expected deterioration in credit quality of loan portfolios and in customers’ collateral values, alongside reduced risk tolerance, found the senior loan officer opinion survey on bank lending practices.

Other reasons included “concerns about bank funding costs, bank liquidity position, and deposit outflows,” the survey added. In the first quarter, respondents reported tighter standards and weaker demand for various types of loans to businesses and households, the report added.

“In general, the tightening in standards for business loans was more

frequently reported across the mid-sized banks,” the report said.

On commercial and industrial lending, midsized and other banks more often cited their liquidity positions and issues such as heightened concerns about the impact of legislative changes.

And among banks’ worries were an uncertain economic outlook.

In a separate financial stability report released Monday – the first since four regional banks failed recently – the central bank highlighted concerns over tighter credit.

“Concerns about the economic outlook, credit quality, and funding liquidity could lead banks and other financial institutions to further contract the supply of credit to the economy,” said the Fed’s report.

## Wide gap in formal-informal

### FROM PAGE B1

It said the resumption of lax loan rescheduling and asset classification in the middle of 2022 has delayed the full recognition of distressed assets.

The NPL ratios among non-bank financial institutions are even higher than in the banking sector, going past 23 per cent in June.

“Bangladesh has made significant progress in bridging gaps between low and high-opportunity groups, particularly in the education sector. However, much remains to be done,” said Abdoulaye Seck, country director of the WB for Bangladesh and Bhutan, in the opening session of the conference.

He said South Asian countries must continue to reduce socioeconomic disparities as they lead to differences in access to jobs, earnings, consumption, and welfare, and impact overall growth.

“Inequality of opportunity is not only a matter of fairness, but it is

also a matter of efficiency. It prevents an optimal allocation of talent and reduces incentives to accumulate human capital, and derails long-term economic growth.”

Speaker of the Bangladesh Parliament Shirin Sharmin Chaudhury said inclusive growth, not just growth, is necessary for the development of the economy.

“Eradication of inequality needs to include in the arena of political economy so that inclusive growth is ensured.”

The high levels of inequality of opportunity and low inter-generational mobility in South Asia are not only unjust but also impede long-term economic growth, according to Imran Matin, executive director of the BIGD.

“Policies to address it will create a more equitable society and help unlock the region’s full potential. We should remember that lack of social progress means lack of social justice,” he added.

## Govt buying sugar, edible oil

### FROM PAGE B1

Sugar went for between Tk 112 and Tk 115 in April, according to TCB data.

The CCGP meeting also approved a proposal for the Armed Forces Division to procure three crore blank smart cards from Bangladesh Machine Tools Factory Limited under its “Identification System for Enhancing Access to Services (2nd Phase)” project at a cost of Tk 406.50 crore.

A proposal for procuring essential medicine and laboratory equipment from Essential Drugs Company Limited and the United Nations Office for Project Services under an initiative of the Department of Health Services got approval as well.

Meanwhile, five of eight proposals from the Roads and Highways Department were approved.

## Bangladesh cuts import reliance



Currently, Bangladesh is almost self-sufficient in manufacturing regular and specialised vaccines thanks to the efforts of local manufacturers.

PHOTO: COLLECTED

### FROM PAGE B1

Md Ahsanur Rahman, deputy manager for the vaccine segment at the company, said Bangladesh has not needed to import regular vaccines in the past three years.

The market size of vaccines in Bangladesh is around Tk 100 crore, he said. Besides, the government purchases vaccines worth around Tk 100 crore per year under the arrangement of the Unicef for its EPI (Essential Programme on Immunisation) initiative.

Popular Pharmaceuticals plans to expand its manufacturing facilities in the future to meet the growing demand.

Professor Sitesh Chandra Bachar, dean of the pharmacy faculty at the University of Dhaka, said local pharmaceutical companies are doing well in manufacturing common vaccines.

“Although they are manufacturing the generic version of vaccines, Incepta and Globe Pharmaceuticals have dedicated research and

development wings. This is a positive sign of progress made by the pharmaceuticals sector.”

Mohammad Mohiuddin, a senior manager of Globe Biotech, says the company has a full-fledged vaccine manufacturing facility.

“We are awaiting government approval to begin vaccine marketing in Bangladesh.”

He said the demand for vaccines is increasing in Bangladesh, particularly after the outbreak of Covid-19, as people’s awareness level about the benefit of vaccines against the deadly virus has gone up.

“In the past, the government used to provide vaccines free of cost. Now, many people buy vaccines that are administered against various diseases.”

For example, many women receive

DGDA’s Ayub Hossain said Bangladeshi vaccines are awaiting World Health Organisation’s maturity level 3 certification. “We are hoping to get the approval after

enacting the Drug Law.”

He said local vaccines have already passed the WHO’s quality test twice.

“Once local manufacturers receive the certification, the door for Bangladesh to export vaccines will open.”

Bapi’s Shafiuzzaman thinks the burgeoning pharmaceuticals sector of Bangladesh has immense potential to tap global opportunities in the vaccine market since the country is increasingly becoming a hub for making medicines.

At least nine companies have already received approvals from highly regulated authorities in the US, the European Union and Australia as well as the WHO.

Bangladesh exports pharmaceutical products to 151 countries, including those in the EU, Africa and Latin America as well as the US, after catering to 98 per cent of the domestic demand.

Foreign sales fetched \$188 million in 2021-22, up more than 11 per cent from \$169 million a year earlier.





A parade of workers at a plantation in Sreemangal upazila of Moulvibazar are seen carrying sacks of freshly harvested tea for weighing before being sent to refineries in other regions. The ongoing heatwave could take a toll on production this year as the plants are mostly withering.

PHOTO: MINTU DESHWARA

## IPDC Finance’s profit plunges 93% in Q1

**STAR BUSINESS REPORT**

IPDC Finance Limited reported a 93 per cent year-on-year fall in profit to Tk 1.48 crore in the first quarter of the current financial year.

The non-bank financial institution made Tk 22.26 crore profit in January-March of 2022.

So, IPDC Finance’s earnings per share plummeted to Tk 0.04 in the first three months of 2023 from Tk 0.60 posted in the same period of 2022, according to a filing on the Dhaka Stock Exchange.

The net operating cash flow per share stood at Tk 13.25 negative in January-March against Tk 13.28 negative in the identical period last year.

The net asset value per share with revaluation edged up to Tk 18.38 on March 31 from Tk 18.33 on December 31. Without revaluation, it was Tk 17.55 on March 31 against Tk 17.51 on December 31.

Shares of IPDC Finance closed at Tk 57.60 on the DSE on Monday.

# Extreme heat hampering tea production

MINTU DESHWARA

Tea farmers in Bangladesh are concerned about seeing lower yields this year as much of their trees have been afflicted by various diseases and pests amid the ongoing heatwave and insufficient rain.

With this backdrop, experts suggest that farmers irrigate their fields rather than wait for rainfall in order to restore the normal growth cycle.

Mujibur Rahman, an assistant of the Bangladesh Meteorological Department in Sreemangal upazila of Moulvibazar, said local temperatures were as high as 38 degrees Celsius in the third week of April.

“Such extreme heat leads to health issues for humans and plants alike,” he added.

Rahman also said temperatures in the region have been hovering around 35 degrees Celsius, which is much higher than what tea trees can tolerate.

As a result, buds that manage to take hold are turning pale while some trees are seeing their leaves drop before even reaching this stage.

Besides, production will definitely decrease if the plants do not get enough water through either natural or artificial means, he added.

Shamim Ahmed Chowdhury, manager of Shirajnagar Tea



The leaves of tea trees are falling off before beginning to bud as the scorching heat continues to bear down on plantations.

Garden, said another issue is that red spider mites are spreading as the hot and dry weather creates ample ground for them to multiply.

The pests feed on tree sap, meaning that there is little left to carry nutrients to its leaves. As such, the plants begin to wither before eventually dying out.

Heat stress is also to blame for the lack of buds as the plants become afflicted with fungal diseases that prevent healthy growth.

Another reason is the invasion of loopers, which are caterpillar larvae of different moth species that feed on the leaves.

“But if the excessive heat cools down through rainfall, then these problems will be gradually fixed,” Chowdhury said, adding that farmers could also apply pesticides.

Jahar Tarafder, member secretary of the Tea Planters and Traders Association of Bangladesh, said many trees are dying amid the ongoing drought.

“The industry will be in a dire situation if this continues for long,” he added.

Tarafder went on to say that while 70 per cent of the tea trees had buds by this time last year, less than 20 per cent are currently budding.

Golam Mohammad Shiblee, chairman of the Sylhet chapter of the Bangladesh Tea Association, a platform of tea garden owners, said the local tea industry completely depends on rain.

Tea plantations need at least 5 to 7 inches of rain from January to March but such volumes were not seen this season, he added.

Dr Rafiqul Haque, director of the project development unit of Bangladesh Tea Board, said tea plants can thrive under conditions of 30 to 32 degrees Celsius while yields become moderate when temperatures reach 34 degrees Celsius.

“But production is almost completely gone when temperatures exceed 35 degrees Celsius,” he added.

Haque then said they are advising tea farmers to provide mulch under new seedlings while also ensuring irrigation so that the plants are nourished properly.

In addition, they advise farmers to plant their trees in shade and at least 20 feet apart to ensure proper growing conditions.

The tea industry had faced losses due to labour unrest last year and now the effects of climate change could do the same this year, he added.

According to the Bangladesh Tea Board, 9.38 crore kilograms of tea was produced by 167 gardens across the country in 2022, down 3 per cent from 9.65 crore the year before.

This year, the production target is 10.20 crore kilograms from more than 2.85 lakh acres of land.

## Bond market investment tips for beginners

M SHAHRIAR AZAD BHUIYAN

Investing in the bond market of Bangladesh can be a great way for beginners to diversify their investment portfolio and earn a steady income.

The Bangladesh Securities and Exchange Commission approves bonds with a variety of characteristics, including zero-coupon, coupon-bearing, perpetual and green bonds, with some additional features such as redeemability and convertibility.

**Here are some tips to get you started:**

**Understand the types of bonds:** Before investing, it is important to understand the different types of bonds available in the market, such as government treasury bonds (G-Sec), corporate bonds and Sukuk (Islamic bond or Shariah-compliant bond). Each type has its own risk and return profile, so make sure to do your research and choose the one that best fits your investment goals and risk tolerance.

**Fixed income:** Bonds typically provide a fixed rate of return over a set period, making them a predictable investment. This feature can be attractive to investors who want to generate a reliable income stream.

**Lower risk:** Compared to stocks, bonds generally have lower volatility and a lower risk of loss of principal. This makes them a safer investment option for those who are risk averse. Investing in a bond is relatively a better option for the senior citizens due to its lower riskiness. However, due to lower return it is not much popular among other investor categories in Bangladesh.



**Consider your investment horizon:** The maturity of a bond can range from a few months to several years. Short-term bonds typically have lower yields but lower risk, while long-term bonds have higher yields but are more volatile.

Consider your investment horizon when choosing the maturity of your bonds.

**Consider issuer’s creditworthiness:** When investing in bonds, it’s important to consider the creditworthiness of the issuer. In Bangladesh, the government, commercial banks and corporations issue bonds. While the government’s bonds are considered the safest, it is essential to evaluate the issuer’s financial health, that is, ability to pay interest and principal on time before investing.

**Diversify your portfolio:** Investing in bonds can help diversify your portfolio, which can reduce your overall investment risk. Bonds can be a good complement to stocks, as they often perform differently than equities.

**Keep an eye on interest rates:** Interest rates can have a significant impact on bond prices. Bond prices are affected by changes in interest rates. As interest rates rise, bond prices fall and vice versa. This means that if you need to sell your bonds before they mature, you may have to sell them at a loss. So, it is a wise decision to keep an eye on the market and adjust your portfolio accordingly.

**Consider investing in bond funds:** If you are new to the bond market, consider investing in a bond fund that diversifies your investment across multiple bonds. This can help you spread your risk and earn a steady income.

**Tax benefits:** Currently, the National Board of Revenue collects upfront tax at a rate of 5 per cent on profit, coupon or interest of debt securities or bond.

**Credit risk:** Bonds are issued by well-established corporations or governments, and there is always a risk that the issuer may default on its debt obligations. This can result in a loss of principal for investors.

**Inflation risk:** Inflation can erode the buying power of your bond investments over time. While bonds offer a fixed rate of return, the real value of that return may decline if inflation outpaces it.

**Consult a financial advisor:** If you are unsure about how to invest in the bond market or have any questions, consider consulting a financial adviser.

The author is the head of operations and compliance at UniCap Securities Limited

## India extends \$1b credit line for Sri Lanka by a year

REUTERS, Colombo

India has extended a \$1 billion credit line for Sri Lanka by one year, a Sri Lankan official told Reuters on Tuesday, giving the crisis-hit country a backup funds to pay for essential imports.

The credit line, part of about \$4 billion in emergency assistance extended by India during the peak of Sri Lanka’s financial crisis early last year, was scheduled to end in March. Post negotiations, the credit line was extended until March 2024, said Sri Lanka’s Deputy Treasury Secretary Priyantha Rathnayake.

“There is about \$350 million left of the credit line that can be utilised as needed,” he said.

“However, given the increase of foreign exchange availability in the market, the need is not as keen as it was last year.” Reuters reported in March that Sri Lanka was negotiating with India to extend the facility, used so far mainly for medicines and food.

Sri Lanka’s reserves dropped to record lows in April last year, triggering its worst financial crisis since independence from British colonial rule in 1948. The island, off India’s southern coast, spent months struggling to pay for essential imports such as fuel, cooking gas and medicine and defaulted on its foreign debt.

The situation has now improved with Sri Lanka finalising a nearly \$3 billion bailout package from the International Monetary Fund in March and kicking off debt restructuring talks with key bilateral creditors India, Japan and China. Sri Lanka’s foreign exchange reserves hit \$2.7 billion at the end of last month.



Farmers harvest a wheat field in the Ukrainian Kharkiv region amid Russia’s ongoing invasion. Wheat prices declined 11 per cent in global markets over the past two weeks, according to the World Bank’s Food Security Update.

PHOTO: AFP/FILE

## Wheat prices down globally, rice price unchanged

### WB Update shows

**STAR BUSINESS REPORT**

Wheat and maize prices declined 11 per cent and 14 per cent, respectively, in the global markets in the past two weeks while rice prices have remained relatively unchanged, according to the World Bank’s Food Security Update.

The decrease in maize and wheat prices drove the decrease in the cereal price index.

The fall in coffee prices, which were 12 per cent lower than two weeks ago, was the primary driver of the slide in the export price index, according to the update released on May 8.

On a year-on-year basis, maize and wheat prices are 17 per cent and 38 per cent lower, respectively, while rice prices are 15 per cent higher.

Maize prices are up 13 per cent than in January 2021, while wheat and rice prices are down 6 per cent and 4 per cent lower, respectively.