



Farmer Badsha has a herd of 14 cattle which he rears for milk. He earns around Tk 30,000 to Tk 40,000 every month selling the milk. The photo was taken from Sheikh Abu Naser Bypass Road in Khulna recently. PHOTO: HABIBUR RAHMAN

Britain edging closer to digital pound decision Says minister

REUTERS, London

Britain must not get left behind in rapid financial innovation and it was getting closer to deciding "when, rather than if" it would issue a digital version of sterling, its financial services minister said on Wednesday.

The finance ministry and Bank of England launched a public consultation in February on preparing the ground for a possible digital pound that was likely to enter into circulation in the second half of this decade.

Although no final decision has been taken, Britain's financial services minister Andrew Griffith said on Wednesday that Britain needed to embrace changes in payments and not hold back the tide.

"We would not commit the time to the consultation if we didn't think we are getting closer, we are not there today, but we are getting closer to the point that it becomes a when and not an if," Griffith told an event held by OMFIF think tank.

Britain must not be left behind global innovation in payments with non-cash forms of payments already accounting for 85 per cent of payments and still growing, Griffith said.

Take proper policy for SMEs for post-LDC era: experts

STAR BUSINESS REPORT

The small and medium enterprises (SMEs) in Bangladesh will face significant trade barriers if the country fails to take effective policies focusing its upcoming United Nations status graduation from a least developed to developing nation, according to experts.

The government should focus on upskilling the labour force, research and increasing technology capabilities to face the post-LDC challenges, they said.

Currently, the SME sector is getting government support through subsidies and other forms of protection.

"After the imminent removal of privileges, SMEs will suffer severe and hostile repercussions on international trade and domestic operations," said Abu Hena Reza Hasan, professor at the international business department of the University of Dhaka.

"Bangladeshi SMEs will likely lose their comparative advantage in the global economy following the graduation from the LDC status," he said.

"The export competitiveness of SMEs will diminish, and they will face intense competition in the global and domestic markets," he added.

Hasan made these comments while

delivering a keynote speech at a seminar on "LDC Graduation of Bangladesh: Challenges and Opportunities for SMEs" organised by SME Foundation at its headquarters in Dhaka.

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Abu Hena Reza Hasan
A professor of DU

He also said a lack of skilled workers would increase investment costs because of the need to create human resources for businesses.

"Without local technology capabilities, foreign companies with advanced technologies can limit the SMEs' role of import substitution and sub-contracting in global supply chains," said Hasan.

The SMEs will have to increase their efficiencies to compete in the global market, said Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry.

Mentioning that one of the main challenges will be access to finance, he urged financing entities not to discriminate against small enterprises when giving out loans.

The government should ensure the simplification of its existing rules regarding export initiatives of the SMEs, said Mostofa Azad Chowdhury Babu, senior vice-president of the Federation of Bangladesh Chambers of Commerce and Industry.

He also urged the commerce ministry to take up initiatives for the diversification of jute products.

The government is not scared of the post-LDC challenges, said Prof Shamsul Alam, state minister for planning, as chief guest.

"Every challenge brings a new scope. We hope the post-LDC challenge will bring a fresh opportunity," he said.

However, the state minister urged the commerce ministry to increase their expertise and capacity in negotiating with global partners properly over trade related issues.

Prof Alam insisted on the generation of specialised manpower in different government sectors.

Prof Md Masudur Rahman and Md Mafizur Rahman, chairperson and managing director of the SME Foundation respectively, also spoke at the event.

Denim expo begins in Dhaka on May 16

STAR BUSINESS REPORT

The 14th edition of Bangladesh Denim Expo will start at the International Convention City Bashundhara (ICCB) in Dhaka on May 16.

"Innovator" is the theme of this year's two-day show, according to a statement from the Bangladesh Denim Expo.

Over 90 local and international exhibitors are set to attend the event to display fabrics, garments, threads, machinery, finishing equipment and accessories, the statement said.

The show is a true representation of Bangladesh's denim industry, the largest denim exporter to the EU and the USA, it added.

Jamuna Bank clocks Tk 133cr profit in Q1

STAR BUSINESS REPORT

Jamuna Bank Ltd made a profit of Tk 133.36 crore in the first quarter of 2023.

It was up 3.5 per cent from the Tk 128.87 crore profit the private commercial bank posted in the identical January-March quarter of 2022.

So, the consolidated earnings per share rose to Tk 1.78 in January-March of 2023 from Tk 1.72 in the same quarter of 2022, according to the unaudited financial statements.

"The EPS increased due to a rise in net interest income as well as investment income," said Jamuna Bank in a filing on the Dhaka Stock Exchange.

The consolidated net operating cash flow per share surged to Tk 26.34 from Tk 9.42 thanks to an increase in cash flows from operating activities.

The consolidated net asset value per share slipped to Tk 27.56 on March 31 from Tk 31.33 a year ago because of the reduction in revaluation reserve, said the filing. Shares of Jamuna Bank slipped 1.75 per cent to Tk 22.50 on the DSE yesterday.

Panasonic sees record profit

REUTERS, Tokyo

Japan's Panasonic Holdings Corp on Wednesday said it expects net profit to rise to a record high this year on robust auto battery sales and a hefty tax credit in the United States.

The industrial conglomerate, which supplies batteries to US electric vehicle (EV) leader Tesla Inc, is expanding its energy business just as persistently high inflation rates worldwide dampen consumer sentiment.

Panasonic predicts net profit will grow 32 per cent from a year earlier to a record 350 billion yen (\$2.59 billion) as it expects a tax credit for EV battery operations under the U.S. Inflation Reduction Act to boost its bottom line by 100 billion yen.

Financial account deficit

FROM PAGE B1

in the financial account means the country is facing a shortage of US dollars.

The central bank has already curbed imports to some extent, but the move has not been sufficient to stop the erosion of the reserve level.

Due to a 12.33 per cent fall in imports, the trade deficit declined 41.6 per cent year-on-year to \$14.61 billion in July-March.

But remittances, the cheapest source of US dollars for Bangladesh, declined in April heavily, compounding further pressure on the foreign exchange regime.

Money transferred by migrant workers declined 16.27 per cent year-on-year to \$1.68 billion in April. The flow, however, was up 2.36 per cent to \$17.71 billion in the first 10 months of 2022-23.

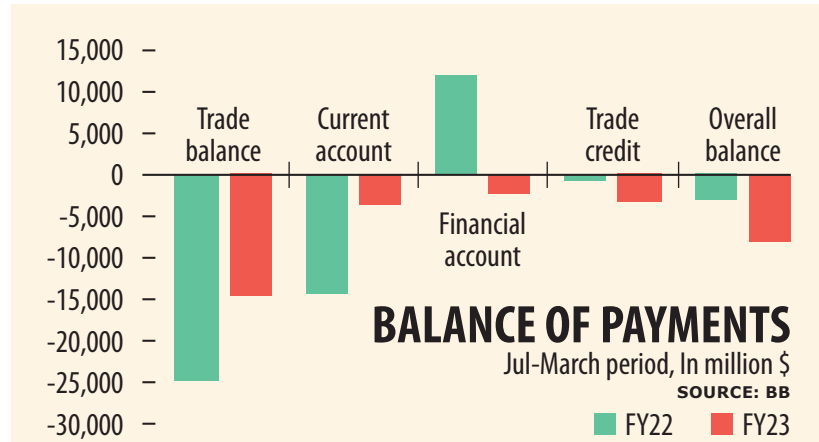
The deficit in the current account, which records a nation's transactions with the rest of the world, stood at \$4.64 billion between July and March, down 75 per cent from a year ago.

The two positive developments have failed to offset the negative impacts emanating from the deficit in the financial account.

Mansur said: "Many foreign lenders

are showing reluctance to give out loans to local businesses, putting an adverse impact on the financial account."

For instance, trade credit, a major part of the financial account, registered a deficit of \$3.2 billion in



July-March compared to a deficit of \$672 million a year ago.

"Macroeconomic stability is highly important to strengthen the confidence of foreigners. If we are unable to do so, foreign entities and individuals will neither invest

nor lend to the country," Mansur said.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, says that the deficit in the financial account is not a good thing for the economy.

"The government should emphasise implementing foreign-funded projects so that it can mobilise foreign loans in an efficient manner. If we can secure foreign loans, the deficit in the financial account will narrow."

A mild to moderate heat wave may sweep over places in Rangpur, Rajshahi, Mymensingh, Sylhet, Dhaka, Khulna, Barishal & Chattogram divisions during the first half of the week beginning from May 9, said Bangladesh Meteorological Department.

The situation may turn for the better during the second half of this period, it said, citing a possible landfall of low pressure which may turn into a cyclonic storm.

Heat wave hits summer vegetables

FROM PAGE B1

Amidst the heat, Shahar Ali, a farmer at Manikgani, has been irrigating his vegetable fields for the last couple of days. "But we cannot irrigate every field," he said, adding that snake gourd and okra plants were suffering the most.

However, the dry spell enabled farmers in the northeast region to harvest Boro rice crop safely, said Md Tajul Islam Patwary, director (routine charge) of field service wing at the DAE.

Bangladesh Agricultural Research Institute Director General Debasish Sarker said they were advising farmers regarding the ways of irrigation. "We are alerting farmers about the risk of

pest attack if the heat prolongs," he said.

Bangladesh has turned into a "heat island" because of the reduction of surface water and deforestation, said Abul Faiz Md Jamal Uddin, professor of the department of horticulture at Sher-e-Bangla Agricultural University.

Because of the rise in temperature, carbon balance in the air has been affected. "As a result, we see burning of leaves for heat...we will see negative effect on yield," he said.

"Farmers also have to delay planting vegetables and other crops as they cannot prepare the land in absence of rain," he said.

To avoid further problems, he

said, surface water bodies must be protected and retained. This will increase water holding capacity, increasing the organic content in soil to enable farmers to grow crops, he added.

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Foreign banks' forex income

FROM PAGE B1

"The emphasis on efficiency keeps their operational costs low."

He said businesses rushed to them last year to avail dollars amidst a shortage of the currency. "So, the foreign banks logged a huge income from commissions and fees."

The foreign banks are mainly doing business with corporates, so they can lend easily and it also yields better business, Ahmed said.

"Now the banks prefer giving short-term loans and guarantee instead of lending to businesses for long terms. So, their net lending income is not the biggest compared to the other incomes."

The nine banks' net interest income rose 20 per cent to Tk 2,771 crore.

Their investment income soared 53 per cent to Tk 1,360 crore while the commissions, fees and exchange income surged 74 per cent to Tk 2,912 crore. Among the foreign banks, Standard Chartered Bangladesh (SCB) logged the highest profit of Tk 1,655 crore, up 118 per cent.

Its interest income rose 14 per cent to Tk 1,277 crore while income from commissions and fees jumped 31 per cent to Tk 1,037 crore.

Of the Tk 1,037 crore, Tk 554 crore was from foreign exchange dealings, up 66 per cent.

"Our income has returned to the pre-Covid level and was up 9 per cent compared to 2019," the multinational bank stated in an email.

"The strength and momentum of the economy, particularly in the first half of the year, is what underpins the performance of Standard Chartered."

SCB benefitted from strong liquidity, exemplified by an advance-to-deposit ratio of around 55 per cent, and one of the highest shareholders' equities in the industry of Tk 8,741 crore, it said.

Thanks to the strength of the bank's balance sheet, almost 50 per cent of the increase in income came

from higher returns on investment in government bonds.

The foreign exchange income was an important component of the annual revenue, which was contributed by higher foreign currency volumes driven by higher trade flows, as well as higher forex margin, which increased to Tk 1.

The margin included the risk premium that is usual in a rising exchange rate scenario, SCB added.

The central bank issued an instruction in August 2022, saying the banks were allowed to add a maximum Tk 1 between the weighted average selling and buying rates of foreign currencies.

"The regulator should have been strict earlier and monitored how the banks were making a huge amount of money by dealing foreign exchanges when businesses were struggling for the dollar shortage," Ahmed said.

The Hongkong and Shanghai Banking Corporation Limited, Bangladesh (HSBC Bangladesh) was the second-highest profit-making foreign bank.

Its profits soared 55 per cent to Tk 587.9 crore while net interest income advanced 13.9 per cent to Tk 873 crore.

The bank's income from commissions and fees skyrocketed 75.9 per cent to Tk 811 crore. Of the sum, income from foreign exchange gains amounted to Tk 449 crore, which was 227 per cent higher than that of the previous year.

HSBC Bangladesh declined to make any comments.

Citibank NA also saw a huge rise in its profits owing to a higher income from the foreign exchange business.

Its profits soared 712 per cent to Tk 249 crore. The bank logged a 483 per cent higher income from foreign exchange dealings amounting to Tk 350.33 crore.

The bank was asked about the tremendous rise in its income from the foreign exchange business.

In an email, Citibank NA said the increased profit included substantial growth in client volumes, including export and foreign direct investment flows, handled by Citibank N.A Bangladesh and driven by Citibank's strong global footprint and strategic focus on multinational clients and large local corporates.

Profits of Woori Bank and the State Bank India rose 131 per cent to Tk 146 crore and 76 per cent to Tk 180 crore, respectively.

Habib Bank Limited, Bangladesh logged a profit of Tk 10 crore in 2022 after incurring a loss of Tk 5 crore in the previous year.

The Bank of Ceylon logged a 58 per cent higher profit of Tk 265 crore.

The National Bank of Pakistan saw a 60 per cent higher profit amounting to Tk 48 crore.

However, Bank Alfalah Bangladesh's profits dropped 59 per cent to Tk 13 crore, according to the financial reports.

Forex reserves

FROM PAGE B1

has been grappling with a foreign exchange crisis for nearly a year following the beginning of the Russia-Ukraine war.

"Our forex reserve will be enhanced further by June as major development partners, including the Asian Development Bank, are expected to release funds in the form of budget support," Md Mezbaul Haque, the spokesperson of the Bangladesh Bank, told the Daily Star.

An official of the finance ministry said the board of the ADB is expected to approve a \$400 million budget support next month.

Other development partners such as the Asian Infrastructure Investment Bank, the Japan International Cooperation Agency and South Korea are expected to release funds as per their commitments, he said.