

## Mercantile Islami Ins' profit drops 25%

STAR BUSINESS REPORT

Mercantile Islami Insurance PLC saw an over 25 per cent year-on-year drop in profit in the January-March quarter of this year.

The local general insurance company made a profit of Tk 3.23 crore in the first three months of 2022, which came down to Tk 2.41 crore in the same period this year.

The company's net operating cash flow per share also experienced a massive 61.5 per cent year-on-year fall, as it hit Tk 0.2 in the Jan-Mar quarter of 2023, down from Tk 0.52 the same period previous year.

However, the insurer's net asset value rose by 2.79 per cent to Tk 21.36 as on March 31 this year from December 31 of last year's Tk 20.78.

The share price of Mercantile Islami Insurance PLC ended today at the Dhaka Stock Exchange at Tk 31.5, posting a 1.61 per cent rise from the previous day's Tk 31.



Fruits of the palmyra palm being taken to the Sonadanga wholesale kitchen market in Khulna. Each fruit contains three seeds which are fleshy and edible when ripe and refreshing during the hot summer months. Each seed sells anywhere from Tk 4 to Tk 6 at wholesale. Some 79,060 tonnes of the seed were produced around the country in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken on the highway connecting Khulna's Dumuria and Satkhira last Saturday. PHOTO: HABIBUR RAHMAN

# Muslin revival to face question if not made affordable

Textiles and jute minister tells seminar

STAR BUSINESS REPORT

If the process of producing muslin, revived through government research in 2021, cannot be commercialised, the success will be under question, said Textiles and Jute Minister Golam Dastagir Gazi yesterday.

The process is very complicated and laborious and the researchers went through a lot of adversity, he said.

It took about seven months to make a muslin sari of medium quality and so its price is very high, beyond the purchasing power of the masses, he said.

If the masses cannot purchase muslin, questions will arise. Therefore, through commercial production, muslin should be kept within the purchasing power of common people. Only then will the research be fully successful, he said.

If the private sector gets involved in the commercialisation of muslin, they will be able to produce products of various designs, he said.

The minister was addressing a seminar on the revival and potential of investment organised by Bangladesh Handloom Board at Bangladesh Parjatan Corporation in the capital's Agargaon.

The lost muslin yarn technology used to churn out exceedingly delicate fabrics much coveted in the 17th and 18th centuries the world over was revived by an expert team of the government in 2021.

In the ancient and medieval period, muslin made by weavers of Dhaka became a status symbol for the rich and aristocrats. In 1747, muslin exports fetched Tk 28.5 lakh, found the researchers.

The Tk 12.1 crore revival project came into being after Prime Minister Sheikh Hasina asked to do so during a visit to the Ministry of Textiles and Jute in October 2014.

"The muslin we have made is 99 per cent similar to the cloth preserved in the UK's Victoria and Albert Museum and the National Museum in Bangladesh," said M Monzur Hossain, chief scientist of the project titled "Bangladesh's Golden Tradition Muslin Yarn Making Technology and Recovery of Muslin Fabrics (Phase I)".

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Textiles and jute minister

A muslin sari with no designs can now be sold for Tk 6,15,840 while one with medium designs Tk 8,45,640, estimates Ayub Ali, project director and chief planning officer at Bangladesh Handloom Board.

One with heavy design will be Tk 11,50,740, he added. To increase its use, the price has to be brought within the purchasing power of the masses, said State Minister for Planning Shamsul Alam.

The acquisition of muslin's geographical indication certificate and patent has created the possibility of sustainable development and expansion of the country's traditional handloom industry, said Foreign Secretary Masud Bin Momen.

Now to brighten the image of Bangladesh in the international arena, initiatives have to be taken to spread this achievement all over the world, he said.

Use of muslin cannot spread if it is not commercially viable, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

All kinds of cooperation will be given for the promotion of muslin products, he said.

If the use of a fabric is not diversified, it will not survive, said Bangladesh fashion designer and former international model Bibi Russell.

## Novoair offers 15% discount on fares

STAR BUSINESS REPORT

Novoair, a private airline in Bangladesh, has announced a 15 per cent discount on the ticket price for all routes.

To enjoy the offer, passengers have to purchase tickets from the Novoair pavilion at the Dhaka Travel Mart-2023, which is scheduled to kick off at the Pan Pacific Sonargaon Dhaka on May 18, the carrier said in a press release yesterday.

The tourism fair will continue until May 20. The 7-fleet carrier operates 19 flights daily, including 18 flights on domestic routes and one on the Dhaka-Kolkata route.

The airline said it would provide a free hotel stay for two nights in Cox's Bazar if passengers buy return tickets for two on the Cox's Bazar route. Passengers will have to travel by June 25.

Mes Bah-Ul Islam, head of marketing of Novoair, said the carrier transported 770,000 passengers in 2022.

It aims to carry more than 800,000 air travellers in 2023.

Islam said increased prices of aviation fuel in the domestic market, reduction in the flow of passengers on the Dhaka-Jashore and Dhaka-Barisal routes after the opening of Padma Bridge, and reduced purchasing capacity of general people for high inflation has affected demand for domestic air travel.

Yet he said, overall domestic air travel might increase this calendar year from a year ago.

Local carriers transported 50.5 lakh domestic travellers in 2022, which was slightly below the number of passengers carried in 2019, the year before the Covid-19 pandemic wreaked havoc on the aviation industry, according to data by Civil Aviation Authority of Bangladesh.

## Niranjan becomes new MD of Rakub

STAR BUSINESS DESK

Rajshahi Krishi Unnayan Bank (Rakub) appointed a new managing director on May 10 this year.



The official, Niranjan Chandra Debnath, was previously serving in Sonali Bank Limited as deputy managing director, said a press release.

He started his career with BASIC Bank Limited in 1997 as an assistant manager and worked in different capacities.

He obtained his master's degree in accounting from the University of Chattogram and is a professional accountant and a certified management accountant.



Masud Khan, chairman of Unilever Consumer Care Ltd, virtually presides over the 50th annual general meeting of the company yesterday. KSM Minhaj, managing director of the company, Zaved Akhtar, Zinnia Tanzina Huq, SOM Rashedul Quayum, Md Abul Hossain, Mohsin Uddin Ahmed and Reazul Haque Chowdhury, directors, and Md Naharul Islam Molla, company secretary, along with company's statutory auditors, independent scrutiniser and a good number of shareholders attended the meeting. PHOTO: UNILEVER CONSUMER CARE

## German investor mood darkens in May

AFP, Frankfurt, Germany

German investor confidence fell sharply in May, a key survey showed Tuesday, adding to fears of a downturn in Europe's biggest economy.

The ZEW institute's economic expectations index declined for the third month in a row, shedding 14.8 points to reach minus 10.7 points.

The reading was worse than analysts had expected, and marks the index's return to negative territory for the first time since December 2022. A negative reading means most investors are pessimistic.

"The financial market experts anticipate a worsening of the already unfavourable economic situation in the next six months," ZEW president Achim Wambach said in a statement.

"The German economy could slip into a recession, albeit a mild one," he added.

The darkening mood was partly because investors were bracing for further interest rate hikes from the European Central Bank, he said, while a potential debt default by the United States "adds uncertainty to global economic prospects".

## India cuts windfall tax on crude

REUTERS

India has cut windfall tax on petroleum crude to zero from 4,100 rupees (\$50.13) per tonne, effective May 16, according to a government notification.

It left the windfall tax on petrol, diesel and aviation turbine fuel (ATF) unchanged at zero.

On May 1, the levy on petroleum crude was lowered to 4,100 rupees per tonne from 6,400 rupees per tonne.

India last July had imposed the windfall tax on crude oil producers and extended the levy on exports of gasoline, diesel and ATF after private refiners wanted to make gains from robust refining margins in overseas markets.

## Industrial slump leads

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dropped 31 per cent and 6.68 per cent, respectively, compared to the same period a year ago.

The LC opening and settlement for importing capital machinery dropped 55.88 per cent and 14.93 per cent, respectively. This weighed on export earnings.

Shipments were up 5.38 per cent year-on-year to \$45.67 billion in the first 10 months of FY23. It surged 34.38 per cent to a record \$52.08 in the entire financial year of 2021-22.

The growth of the manufacturing sector is a key driver of Bangladesh's economy and it usually remains at double digit.

But Mansur thinks the actual growth in the sector may fall further at the end of the financial year.

The growth in the agricultural sector usually remains low until it sees any bumper harvesting.

While calculating the agriculture sector's contribution to the GDP, the BBS has taken into account the final output of Aush and Aman paddies, and jute in 2022-23. In the case of Boro, wheat and potato, the production figures of the previous year were considered.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the economy was in a recovery process but it was impacted

because of the price hike globally after the war broke out.

"The supply chain faced disruption, the fuel price was hiked, and the cost of other inputs also went up. As a result, the cost of production rose, hurting the manufacturing sector."

In the current fiscal year so far, the price of diesel and furnace oil has climbed 36 per cent and 37 per cent, respectively. The electricity tariff is up 10.23 per cent.

"Big companies were impacted, but micro, cottage, small and medium enterprises bore the most brunt," said Raihan, also a professor of economics at the University of Dhaka.

The government has projected that the investment-to-GDP ratio would be 31.25 per cent in FY23, down from 32.05 per cent in FY22.

"This shows that the incremental capital-output ratio is now 5.20, which was 4.57 in the previous year. This means the productivity of the investment is becoming lower and the production cost of the manufacturing sector is rising," said Prof Raihan.

"If the ratio keeps rising, entrepreneurs will not feel encouraged to invest. As a result, the GDP growth would be impacted further," he said, urging the government to take steps to reduce costs.

A lower incremental capital-output ratio is preferred as it indicates a

country's production is more efficient.

The inability to import due to the forex shortage has affected capacity utilisation as well as capacity expansion, said Zahid Hussain.

"If we continue to believe that the exchange rate, monetary, fiscal and structural policy responses need no major correction, we will be ignoring the lessons from the data at our own peril. It's already late in making course corrections, but better late than never."

Prof Raihan emphasised taking corrective measures.

"It is a good sign that the government is accepting the reality and aligning the growth projection in line with the projections of development partners. It might be helpful in taking better strategy."

In April, the World Bank projected that the GDP growth rate of Bangladesh would be 5.2 per cent in FY23 and the Asian Development Bank's projection was 5.3 per cent.

The IMF has forecast a 5.5 per cent GDP growth.

## LankaBangla

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financial year, which was Tk 0.43 in 2022.

The filing said the EPS decreased due to the interest rate cap imposed by the regulator since the second half of 2022, the deteriorated asset quality owing to the aftermath of the Covid-19 pandemic, and less brokerage commission amid a lower turnover.

The consolidated net operating cash flow per share (NOCFPS) plummeted to Tk 0.22 negative from Tk 3.49 during the period while the consolidated net asset value per share (NAVPS) dipped to Tk 19.41 on March 31 this year from Tk 20.02 on December 31 last year.

The NOCFPS dropped as deposit settlements and other asset settlements resulted in higher cash outflows. The NAVPS fell due to the sales of shares of subsidiaries, the company added. LankaBangla Finance shares closed unchanged at Tk 26 on the DSE yesterday.

## Tax return filing deadline

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applied for additional time to comply with the rules.

"So, instead of giving time on a case-to-case basis, we have allowed time for the companies that sought time to file returns of their income for the year 2022-23," the official added.

"This is going to give them breathing space."

Companies account for roughly 60 per cent of the total income tax – the second biggest source of revenue – collected by the NBR each year.

During the last fiscal year, nearly 29,000 companies filed tax returns.

Around 19,000 companies filed tax returns for fiscal year 2022-23

until May this year.

The NBR official went on to say that companies will have to pay 2 per cent monthly interest on payable taxes for submission of returns after the usual deadline.

Hasan Mahmood, a director of the Metropolitan Chamber of Commerce and Industry, said the decision of time extension will be beneficial for companies that missed the deadline.

"They will get time to prepare their tax returns and submit. Otherwise, they would face a lot of penalty," added Mahmood. Also, a partner of MJ Abedin & Co, a chartered accountancy firm.