

Ensure fire safety of business centres

BB asks banks

STAR BUSINESS REPORT

The central bank has asked banks to take precautionary measures to ensure the fire safety of their business centres.

The instruction from the Bangladesh Bank comes after a number of fire incidents took place in various parts of the country recently, killing and injuring people and causing damage to properties.

In a notice yesterday, the BB asked banks to ensure fire safety compliance in line with the Fire Prevention and Extinction Act 2003 and the Bangladesh National Building Code 2020.

It also instructed banks to examine the effectiveness of the automatic fire safety equipment that has been installed at business centres, train the staff who work there, and carry out fire drills regularly.



The view of a factory of Delta Agro Food Industries, a joint venture of Seacom Group and Samuda Group, in Narayanganj. The plant was up at an investment of more than Tk 1,200 crore one and a half years ago, but it has not been able to go into production due to a lack of gas connection.

PHOTO: DELTA AGRO FOOD

Govt to recognise tea industry entities, individual

STAR BUSINESS REPORT

The government, for the first time, will recognise one individual and seven organisations for their contribution to Bangladesh's tea industry, said the commerce ministry yesterday.

The awards include tea garden with the highest yield, garden producing the "best quality" of tea, entity making the highest amount of export, "best" small-scale tea producer and best tea garden based on worker welfare.

Awards will also be presented to the "best" company based on market diversification and on marketing and packaging, according to a press release.

Another award will be given to the "best" worker engaged in plucking tea. The details of this criteria are yet to be made public. There are an estimated 1,50,000 workers in the country's tea estates.

The commerce ministry and Bangladesh Tea Board (BTB) will jointly present the award.

"We have taken the decision to expedite the advancement of tea industry and encourage people engaged in the sector," said Commerce Minister Tipu Munshi at a meeting ahead of National Tea Day to be observed on June 4.

The decision comes at a time when tea

Oil price steady

REUTERS, Singapore

Oil prices were steady on Monday as caution relating to US debt ceiling talks dragged on optimism over demand later in the year and offset support from lower supplies from Canada and Opec+ producers.

Brent crude futures rose 13 cents, or 0.2 per cent, to \$75.71 a barrel by 0850 GMT, while US West Texas Intermediate (WTI) crude for July delivery, the more actively traded contract, rose 12, or 0.20 per cent, to \$71.81.

The June WTI contract, which expires later on Monday, fell 10 cents to \$71.45 a barrel.

Talks to avert a default on US debt were set to resume in Washington on Monday, as the prospect of a default and resulting economic downturn and cooling of fuel demand continued to spook markets.

Still, the International Energy Agency (IEA) warned of a looming shortage in the second half when demand is expected to eclipse supply by almost 2 million barrels per day (bpd), the Paris-based agency said in its latest monthly report.

"I expect plenty of volatility in the coming days and a bounce upward in crude prices as and when a deal is reached to raise the debt ceiling," said Vandana Hari, founder of oil market analysis provider Vanda Insights.

The cost of not getting gas

Despite being ready, factories can't go into operation

JAGARAN CHAKMA

Delta Agro Food Industries, a joint venture of Seacom Group and Samuda Group, has set up a factory in Narayanganj at an investment of more than Tk 1,200 crore one and a half years ago.

The aim is to manufacture edible oil and wheat products to meet the growing demand for healthier consumer goods in Bangladesh.

Accordingly, it hired around 250 employees to operate the facility where soybean oil, palm oil, soybean cake, soya milk and flour will be produced.

But Delta Agro has not been able to go into production due to a lack of gas connection. As a result, it is facing a pre-operational loss and paying the bank interest rate every month.

The pre-operational loss is also known as opportunity loss, which is the value of a lost chance or a potential profit that was not realised.

The company applied to Titas Gas Transmission and Distribution Company for a gas connection for the factory on November 10, 2021.

"But we are yet to receive any positive response from Titas Gas," said Mohammed Amirul Haque, managing director of Seacom Group.

In the absence of a gas connection, the facility has been lying idle for one and a half years and the company is facing around Tk 16.5 crore in opportunity lost per month, he said, adding that they are paying bank interest against loans as well.

"This type of situation is really painful for investors."

Delta Agro Food Industries has the capacity to produce 1,000 tonnes of soybean oil and 1,000 tonnes of palm oil every day.

The company is not the lone manufacturing unit that is suffering from the lack of gas

connections as well as an adequate supply of the energy.

More than 20 factories are about to be commissioned at the private economic zones such as those owned by Meghna Group of Industries, City Group, Abdul Monem Ltd, and Bay Group of Industries.

But ASM Mainuddin Monem, managing director of Abdul Monem Economic Zone, said recently that Titas Gas has not taken steps to provide a gas connection to the zone, which is located over 216 acres of land in Munshiganj's Gazaria upazila.

We have installed all manufacturing equipment. But since we have not got gas connections, we have not been able to go into operation.

Luthful Bari
Chief operating officer of Meghna Group

Similarly, Meghna Group of Industries, which has three economic zones, said it has been waiting for about two years to avail gas connections. It has submitted applications and paid fees to the government coffers.

Luthful Bari, chief operating officer of Meghna Group, one of the major rubber users in Bangladesh, says the company has expanded its factory at a cost of Tk 150 crore to manufacture tyres for commercial vehicles such as trucks and pick-ups.

"We have installed all manufacturing equipment. But since we have not got gas connections, we have not been able to go into operation."

Seacom's Haque said Delta Agro Food is ready to employ around 2,000 people in the new production facility after commissioning.

"The commercial production will begin when we get the gas connection."

Md Haronur Rashid Mullah, managing director of Titas Gas, said the state-run utility service provider can't provide industrial gas connections in line with the demand due to a lack of adequate supply of gas.

"Even, we can't supply adequate gas to existing customers. We are helpless owing to the disruption in the global energy supply chain and the appreciation of the US dollar."

He admits the importance of providing industrial gas connections as it contributes to economic development. "But the current situation is not favourable to raising the number of industrial connections."

In Bangladesh, industries account for about 18 per cent of national gas consumption, according to Petrobangla.

But they are experiencing a shortage of gas owing to a lower than adequate supply. Bangladesh has long struggled to meet local demand for the energy even before the ongoing crunch, induced by the global energy crisis, cropped up.

Against a local demand of 4,000 million cubic feet of gas per day, local sources supply 2,100 MMCFD and imports deliver 750 MMCFD.

Md Shahenur Alam, company secretary of the Pashchimanchal Gas Company, which supplies gas to the north-western region of the country, says they have delayed providing gas connections to industries owing to supply shortage.

There is no initiative on the part of the utility service provider to give gas connections, said Sheikh Monwar Hossain, managing director of the Sirajganj Economic Zone.



PHOTO: SHEIKH NASIR

production and consumption are growing in the country.

Bangladesh is currently listed as the world's ninth largest tea producer, accounting for around 2 per cent of the world's total production.

The country produced 100 million kilograms of tea in 2022, which was 28 per cent higher year-on-year, according to Bangladesh Tea Board.

Until March this year, tea production rose 16 per cent year-on-year to 2.4 million kgs.

In 2022, 0.78 million kg of tea were exported, worth around Tk 196.31 million.

There are 167 tea gardens in the country, located in the northeast division Sylhet, Chattogram and northwest bordering district Panchagarh, covering almost 280,000 acres of land.

A total of 90 of the tea gardens are in Moulvibazar, which accounts for 55 per cent of the tea produced in the country. Habiganj is the second largest producer of tea, contributing 22 per cent.

India's note withdrawal to improve liquidity

Analysts say it will also help ease short-term rates

REUTERS, Mumbai

The Indian central bank's decision to withdraw its highest denomination currency note from circulation is likely to improve banking system liquidity, bringing down recently elevated short-term rates, analysts and bankers said.

The Reserve Bank of India on Friday said that it will start withdrawing 2,000-rupee notes from circulation, although they will remain legal tender. Customers holding these notes can deposit them or exchange them for smaller notes by September 30, 2023.

The value of such notes in circulation is 3.6 trillion rupees (\$44.02 billion).

Kotak Institutional Equities estimates that liquidity could improve by around 1 trillion rupees, while QuantEco Research pegs the potential liquidity impact at 400 billion rupees to 1.1 trillion rupees.

ICICI Securities Primary Dealership estimates the liquidity surplus could increase to 1.5-2 trillion rupees.

India's banking system liquidity surplus has averaged around 600 billion rupees so far in May.

About 2.5-3 trillion rupees of banking sector liquidity leaks out as currency in circulation each year, said Pranjal Bhandari, chief India economist at HSBC.

"As such, markets may anticipate some comfort on the liquidity front."



A general view of skyscrapers in The City of London financial district seen from City Hall in London, Britain. Low business investment is one of the reasons economists give for the weak growth in British productivity and living standards over the last decade.

PHOTO: REUTERS/FILE

Half of UK firms to defer investment for tax hike

Survey finds

REUTERS, London

Almost half of medium-sized British companies plan to delay investment plans due to last month's rise in corporation tax, a survey published on Monday found.

Low business investment is one of the reasons economists give for the weak growth in British productivity and living standards over the last decade, and businesses have complained that higher tax rates reduce their incentive to invest.

Britain's headline rate of corporation tax rose to 25 per cent in April from 19 per cent the year before, under the enactment of a policy announced in March 2021.

Accountants BDO said 46 per cent of businesses surveyed with a turnover

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