



## Onion prices decline as imports begin

SUKANTA HALDER and AHMED HUMAYUN KABIR TOPU

Onion prices witnessed a sharp fall in different parts of Bangladesh yesterday, a day after the government gave the go-ahead to import the vegetable from India.

According to the state-run Trading Corporation of Bangladesh, the local variety of onion was sold at Tk 80 to Tk 90 per kilogramme (kg) on Monday, which was a Tk 10 decline from Sunday's retail prices.

Prices of the local variety of onion increased by 81 per cent in the last month, prompting the agriculture ministry to import the cooking ingredient to stabilise the volatile market.

The fall of onion prices by Tk 10 per kg a day after the import permission only suggests that a

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## Steel prices unlikely to cool down

Says Shahriar Jahan Rahat, deputy managing director of KSRM, in an interview

JAGARAN CHAKMA

The price of steel products is unlikely to decline in the coming days from its current record level as the budget for the upcoming fiscal year has not offered any benefit to the sector, said a top executive.

"I don't see any possibility of steel prices going down as the cost of production has shot up," said Shahriar Jahan Rahat, deputy managing director of KSRM, a Chattogram-based steel miller.

"The cost of import has gone up as the US dollar has strengthened by about 30 per cent against the taka, while the energy and power shortage has driven up the production cost as well."

Rahat made the comments during an interview with The Daily Star as he shared his thoughts about the proposed budget for 2023-24.

According to him, energy bills account for around 15 per cent of the steel production cost.

The global energy crisis driven by the Russia-Ukraine war has caused a similar energy crunch in Bangladesh as the country has been compelled to stop the purchase of liquefied natural gas from the international spot markets amid the fast decline of the foreign currency reserves.

"We are facing a dollar crisis and it is hampering our business," Rahat said.

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Shahriar Jahan Rahat

REFAYET ULLAH MIRDDHA

Over the last couple of weeks, power cuts have become a pretty regular event.

And as the scenario has deteriorated, some factory owners and millers either stopped production or introduced new duty rosters for workers in tune with the availability of power and adequate pressure of gas in supply lines.

There are even some who are running the units using expensive diesel just to keep their commitment to buyers on supplying goods on time.

This is how many are managing their days amidst deepening power and energy shortages, with production falling by as much as 50 per cent, according to several businesses.

All in all, the factory owners and millers are not focusing on profits.

"Some millers shut operations for a few days because of the low pressure of gas in supply lines and power cuts," said Mohammad Ali Khokon, president of the Bangladesh Textile Mills

Association (BTMA).

Association (BTMA).

Running spinning mills, weaving mills and dyeing units needs a lot of gas pressure and electricity, he explained.

"It has been many months that textile millers are running their units at 50 per cent capacity because of the low gas pressure."

But the severity of the crisis intensified recently with the

Small and medium enterprises, particularly those using power looms in districts such as Sirajganj, Narsingdi, Narayanganj, and Pabna, suffered the most.

"Unfortunately, when there is a power cut, workers of small factories go home instead of waiting for the electricity to come back," said Khorshed Alam, chairman of Little Group, which supplies yarn to the domestic market.

Small and medium enterprises have been facing an acute gas and power crisis since May 2.

Since the production in the factories and mills fell sharply, unsold yarn is piling up, Alam said, adding that in some cases, small factories are running at 30 per cent capacity because of the

power cuts.

Noman Group, a garment exporter, has minimised costs and profits as the company is committed to its buyers, said its chief executive officer Shahidullah Chowdhury.

"A new duty roster for workers has been introduced for the continuation of production."

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## 3 submarine cable firms to team up owing to US dollar crunch

MAHMUDUL HASAN

Three private submarine cables have backtracked from their initial decisions to supply bandwidth separately through undersea cables and have now agreed to collaborate on one connection amid the US dollar shortage.

Top officials of the three licensees -- Summit Communications, CdNet Communications and Metacore Subcom Ltd -- said their collaboration would help the country save foreign currencies and cut their investment costs.

In September last year, the three obtained licences to establish, maintain and operate submarine cables in a development that broke the state monopoly in the wholesale bandwidth business.

Currently, Bangladesh Submarine Cable Company Limited (BSCCL) is the only company that connects Bangladesh with the global bandwidth network through undersea cables.

As per their previous plans, the three firms were supposed to invest around Tk 2,000 crore collectively to connect the country with three more submarine communication cables.

However, an official of one of the firms said that as US dollars have become dearer, their investment would surge to about Tk 3,000 crore if they go for establishing the connectivity separately.

"So, we have agreed in principle to join a consortium," Md Arif Al Islam, managing director of Summit Communications, told The

### KEY POINTS

- 3 private firms received submarine cable licences in Sept 2022
- Now they are teaming up to bring bandwidth through one cable
- Currently, state-run BSCCL brings in bandwidth thru undersea cable
- Bandwidth consumption stands at 4,800 Gbps
- BSCCL supplies 2,300 Gbps
- Rest of the demand met by 7 international terrestrial cable companies

Daily Star.

The ongoing US dollar crunch is the main reason for the companies to opt for forming an alliance as it would lessen the burden of having to pay a substantial amount of foreign currencies as a down payment for connections.

"We are in the process of evaluating the global consortium. We haven't decided yet," Islam said.

Submarine cable systems generally use optical fibre cables laid undersea to carry international data traffic, creating telecommunication links between countries across the globe. As such, cable systems cost several hundred millions of dollars to establish. In most cases, the construction is

funded by consortiums of telecom operators, private cable operators and private-public partnerships.

All three local companies said they are in discussion with the initiatives of three foreign firms, namely Reliance Jio Infocomm of India, NTT Ltd of Japan, and Campana of Singapore.

Mashiur Rahman, CEO of CdNet Communications, said discussions with Campana have advanced to the final stage.

According to a study by Cushman & Wakefield, Singapore ranks among the most desirable data centre location, tying with Silicon Valley for second place globally, and ranking first in Asia.

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### POWER AND GAS CRISIS

## How industries are coping



## BAJUS demands amendment to baggage rule

STAR BUSINESS REPORT

The Bangladesh Jeweller's Association (BAJUS) has proposed reducing the maximum weight of gold jewellery a person can bring from abroad under the baggage rule to 50 grams.

At present, airline passengers can carry up to 100 grams of gold jewellery into the country without paying duty upon entry.

However, they are not allowed to bring more than 12 pieces of any single type of ornament.

If implemented, the move would protect the interests of local gold traders, according to Anwar Hossain, chairman of the BAJUS standing committee on tariff and taxation.

Hossain was speaking at a post-budget

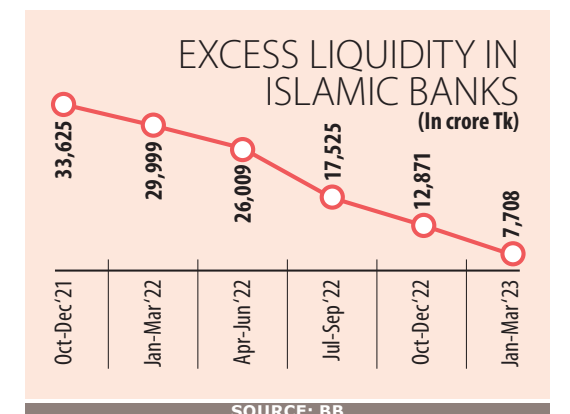
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## Islamic banks' loan surges 9 times their deposits in a year

AKM ZAMIR UDDIN

Investments made by full-fledged Islamic banks in Bangladesh surged nearly nine times their deposits in a span of a year, raising questions as private sector credit growth has slowed in the entire banking sector, official figures showed.

The banks registered an increase in investments, or loans, by Tk 46,011 crore in January-March of 2023 compared to the identical quarter of 2022. Deposits rose by Tk 5,169 crore during the same period, data from the Bangladesh Bank showed.



On top of that, the full-fledged Islamic banks, now numbered 10, were the biggest sufferers of fund withdrawals after the banking sector was hit with fresh loan irregularities: they lost deposits amounting to Tk 427 crore in the first quarter of this year in comparison to the last quarter of 2022.

They collectively held deposits to the tune of Tk 379,524 crore in March, down 0.11 per cent from Tk 379,951 crore in December. It was up 1.38 per cent from March last year, however.

Investments at the banks stood at Tk 412,397 crore as of March, an increase of 1.18 per cent from three months ago and 13.44 per cent a year earlier.

"The abnormal investment growth against a feeble deposit growth is a matter of concern," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

"The indicators highlight the weak financial health of the banks. The central bank should investigate why the banks have given out an excessive volume of loans. The asset quality of the banks should also be verified."

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STOCKS	
DSEX ▼	CASPI ▼
0.15%	0.06%
6,356.29	18,776.99

COMMODITIES	
Gold ▼	Oil ▲
\$1,943.92	\$73.11
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.38%	▲ 2.20%	▲ 0.72%	▲ 0.07%
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## MetLife inks deal with Dhaka Bank

STAR BUSINESS DESK

MetLife Bangladesh and Dhaka Bank Limited have signed an agreement, enabling the insurer's agents to access a range of the retail banking products.

Ala Uddin, deputy managing director and chief financial officer of MetLife Bangladesh, and Md Mostaque Ahmed, deputy managing director and chief emerging market officer of Dhaka Bank, penned the deal at the latter's head office in Dhaka on Sunday, said a press release.

Under the deal, the insurer's agents will be able to avail special offers on a range of products, including savings accounts, credit cards, personal and home loans, to support their financial stability and growth.

"It's a testament to our commitment to supporting our agents and enhancing their financial flexibility," said the insurer's CFO.

"Since its inception, Dhaka Bank has been focused on introducing innovative solutions for the market and we are delighted to collaborate with MetLife in this landmark initiative," said the bank's CEO.

Ala Ahmad, chief executive officer of the insurer, Farjana Yeasmin, head of agency services, Kazi Faruqui, head of the centre of excellence, Emranul Huq, managing director of the bank, Md Mahbubur Rahman and Mosleh Saad Mahmud, executive vice-presidents, were present.



Md Mostaque Ahmed, deputy managing director of Dhaka Bank, and Ala Uddin, deputy managing director of MetLife Bangladesh, exchanged signed documents of an agreement on banking services at the bank's head office in Dhaka on Sunday. Emranul Huq, managing director of the bank, and Ala Ahmad, chief executive officer of the insurer, were present. PHOTO: METLIFE BANGLADESH



Md Saidul Islam, chairman of Jamuna Bank, and Nur Mohammed, chairman of Jamuna Bank Foundation, cut a cake at the bank's head office in Dhaka yesterday, celebrating the 23rd anniversary of its operation in the banking sector of the country. Among others, Kanutosh Majumder, Md Atiqur Rahman, AKM Mosharruf Hussain and Redwan-ul-Karim Ansari, directors of the bank, and Mirza Elias Uddin Ahmed, managing director, were present. PHOTO: JAMUNA BANK



Sohail RK Hussain, managing director of Meghna Bank, and Syed Mahbubur Rahman, managing director of Mutual Trust Bank, signed an agreement on add money facility at the latter's head office in Dhaka recently. PHOTO: MEGHNA BANK



Kazi Mashiur Rahman Jayhad, additional managing director of Global Islami Bank, cuts a ribbon to inaugurate the Shibpur agent banking outlet of the bank at Ekdanta in Atgharia, Pabna yesterday. Among others, Sami Karim, deputy managing director of the bank, Imtiaz Ahmed Siddiqui, head of marketing, AKM Nurul Afsar, head of agent banking division, and Md Alauddin, proprietor of Shibpur agent banking outlet, were present. PHOTO: GLOBAL ISLAMI BANK

## Meghna Bank signs deal with Mutual Trust Bank

STAR BUSINESS DESK

Meghna Bank Limited recently signed an agreement with Mutual Trust Bank Limited.

Sohail RK Hussain, managing director and CEO of Meghna Bank, and Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, inked the deal at the latter's head office in Dhaka, said a press release.

Under the agreement, MeghnaPay customers will enjoy the "add money" facility from VISA, Mastercard and UnionPay cards through Mutual Trust Bank Payment Gateway.

Kazi Farhana Zabin, head of liability and wealth management division at Meghna Bank, AZM Fouz Ullah Chowdhury, head of digital financial services division, Chowdhury Akhtar Asif, additional managing director of Mutual Trust Bank, and Md Khalid Mahmood Khan, deputy managing director, along with high officials of both lenders were present.

## Euro zone business growth slowed in May as factories struggled

REUTERS, London

Euro zone business activity was shored up last month by the bloc's dominant services industry offsetting a deepening decline in the manufacturing sector, according to a survey which also showed overall price pressures had abated.

HCOB's final Composite Purchasing Managers' Index (PMI), compiled by S&P Global and seen as a good gauge of overall economic health, fell to a three-month low 52.8 in May from April's 54.1.

While still comfortably above the 50 mark separating growth from contraction it was below a preliminary estimate for 53.3.

"Relatively resilient services activity growth should ensure

that the euro zone regains some footing and shows a positive rate of expansion in the second quarter after GDP stagnated in the October-March period," said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank.

A PMI covering the services sector dropped to 55.1 from April's one-year high of 56.2, below the 55.9 flash reading. A manufacturing PMI released last week showed the downturn in factory activity deepened as demand slumped despite prices falling.

Overall cost pressures were lower in May and both the composite input and output prices indexes fell. The output index dropped to 56.4 from 56.8, its lowest since April 2021.

While that will likely be welcomed

by policymakers at the European Central Bank who have yet to get inflation down to target it was largely down to factories reducing prices as services firms, closely watched by the ECB, increased their charges faster.

Despite that, demand for services continued to rise and firms increased headcount, albeit at a slower pace. The employment index dipped to 54.6 from April's 11-month high of 55.6.

"The services sector is being supported by the strong labour market, rising wages and a tourism sector that is flourishing throughout Europe," said de la Rubia.

"The latter is confirmed by the new export business PMI, which includes tourism-related demand and remained near its series peak in May."

## Debt ceiling deal

FROM PAGE B4

The deal to suspend the \$31.4 trillion debt ceiling until January 2025 holds non-defense discretionary spending largely flat this year, with a 1 per cent increase in fiscal 2024.

The Congressional Budget Office (CBO) estimates this would result in \$1.3 trillion in savings over a decade.

Even those savings may prove illusory, as Congress would be free to abandon its self-imposed spending limits within two years. On top of that, tax cuts passed by Republicans in 2017 expire on schedule in 2025, but the party is pushing to extend them.

Making matters worse, higher interest rates are pushing up the government's debt service costs. CBO projects that these will triple to \$1.4 trillion by 2033 – far exceeding the projected defense budget at that time.

In their debt limit negotiations, both President Joe Biden and House of Representatives Speaker Kevin McCarthy vowed not to touch the main driver of US debt: rising Social

Security pension and Medicare health benefit costs. Social Security costs are projected to increase by 67 per cent by 2032, and the Medicare health program for seniors will nearly double in cost during that period, according to CBO, as Americans 65 or older top 46 per cent of the US population, up from 34 per cent this year.

Together, these two programs account for roughly 37 per cent of current federal spending and are both on a path toward insolvency in about a decade. Other programs for veterans and low-income people push such safety-net spending to over half the budget.

Debt-ceiling negotiations spared cuts to mandatory spending like Medicare, Medicaid and Social Security even though these programs cost more than discretionary spending.

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## Oil market rallies

FROM PAGE B4

breakthrough deal late last week to lift its debt ceiling and avert a disastrous default.

"The outcome of the much-anticipated Opec+ meeting has created a splash in the oil market, if not a wave," said KCM Trade analyst Tim Waterer. "Saudi Arabia has backed up their words with actions by going it alone and extending their supply cuts."

The 23-nation Opec+ alliance, which includes Russia, agreed Sunday to continue current output cuts until the end of next year.

But influential player Saudi Arabia also announced its own new cutback taking July production to nine million barrels per day.

Saudi Energy Minister Prince Abdulaziz bin Salman told reporters that he "will do whatever is necessary to bring stability to this market."

Opec+ nations are grappling with falling prices on concerns oil demand will weaken as major economies struggle to cool elevated inflation.

## Onion prices

FROM PAGE B1

certain section of traders manipulated the market for more profit, claimed AHM Shafiquzzaman, director general of the Directorate of National Consumers Rights Protection (DNCRP).

"We requested the commerce ministry to give import permission a month ago to contain onion prices. Had that been implemented at the time, the sufferings of consumers could have been less," Shafiquzzaman told The Daily Star.

He said that traders, not farmers, reaped the benefits of the high price.

"Since the harvesting season is nearing an end, farmers have little onions in store. It is the traders who have stockpiled it and manipulated the market," Shafiquzzaman added.

Farmers of Pabna, the leading onion-producing hub in Bangladesh, claimed that wholesalers in Dhaka, Chattogram and Sylhet were responsible for the unstable onion market.

"Big merchants in these regions try to control the wholesale price of onion. They keep buying through local agents until they have sufficient stock," said Md Kamruzzaman, a leading onion grower of Durgapur village in Pabna's

Sujanagar upazila.

"Once they have the majority of the stock, they start manipulating the market," he added.

Senior Commerce Secretary Tapan Kanti Ghosh also said that a section of unscrupulous traders took advantage of the high price of onion over the last month.

"The import will continue until the market becomes stable. We will rein in imports once the price of onion comes down to Tk 50 per kg," Ghosh said.

Meanwhile, wholesale traders of Dhaka, Pabna and Chattogram said after Sunday's announcement, the price of onion has decreased by Tk 250 to Tk 300 per maund (37 kg).

Onion was sold at Tk 3,400 to Tk 3,600 per maund on Saturday but now, it is being sold at Tk 3,150 to Tk 3,300, said Mohammad Majed, a wholesaler of the capital's Shyambazar.

He claimed onion prices would drop further when the low-cost Indian variety hits local markets.

"After paying all the costs, the price of imported Indian onion will be around Tk 20 per kg," Majed added.

The government approved 210 import permit applications for 280,800 tonnes of onion on the first

day (June 5), said an official of the agriculture ministry.

Dipankar Ghosh, organising secretary of the Bhomra Clearing and Forwarding Agents, said 330 tonnes of onion arrived at the Bhomra Land Port from India yesterday.

Considering the recent spike in onion prices, the commerce ministry sent a letter to the agriculture ministry on May 14, urging to allow imports of the popular cooking ingredient.

Onion imports have remained halted since March 15 in a bid to ensure better prices for local producers.

The annual demand for onion in Bangladesh is around 25 lakh tonnes, according to the commerce ministry.

This year, the agriculture ministry claimed that domestic production was around 34 lakh tonnes.

However, the country still needs to import around 6.50 lakh tonnes of onion as around 25 percent of the annual domestic yield is wasted due to a lack of storage facilities, according to agriculture ministry data.

## Ring Shine Textiles' losses widen

STAR BUSINESS REPORT

Ring Shine Textiles Ltd incurred a loss of Tk 74 crore in the July-March period of the current financial year as its utility and net interest costs surged.

This means the loss of the listed textile maker widened by 58 per cent compared to the same period a year ago.

Thus, its earnings per share stood at Tk 1.49 in negative during the nine-month period, which was Tk 0.94 in negative in July-March of 2021-22.

The EPS declined because of the increase in net losses, highly impacted by the spike in utility overhead and financial expenses, Ring Shine said in its financial report.

Shares of the textile company traded at Tk 9.80 on the DSE yesterday, unchanged from a day earlier.

Ring Shine Textiles raised Tk 150 crore in 2019. But its performance has deteriorated since then.

In August 2020, the management decided to close the factory for a month due to the coronavirus pandemic-induced shortage of imported raw materials. However, the company was unable to return to operation.

This prompted the Bangladesh Securities and Exchange Commission to restructure the board of Ring Shine in January 2021 as the regulator looks to reverse the course of the company, protect the interests of the investors, and restore confidence in the market.

## US factory orders rise

REUTERS

New orders for US-made goods rose for a second month in April, boosted largely by defense spending, but the overall manufacturing industry continued to struggle under the weight of higher interest rates.

Factory orders increased 0.4 per cent after a 0.6 per cent gain in March, the Commerce Department said on Monday. Economists polled by Reuters had forecast orders rising 0.8 per cent. Orders increased 1.4 per cent on a year-on-year basis in April.

The sector, which accounts for 11.3 per cent of the economy, is being dragged down by the Federal Reserve's fastest interest rate hiking campaign since the 1980s.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUN 5, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	0.75 ↑
Coarse rice (kg)	Tk 48-Tk 50	2.08 ↑	-2 ↓
Loose flour (kg)	Tk 52-Tk 58	-2.65 ↓	20.88 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 175-Tk 185	4.96 ↑	-2.17 ↓
Potato (kg)	Tk 36-Tk 40	13.43 ↑	76.74 ↑
Onion (kg)	Tk 80-Tk 90	61.9 ↑	126.67 ↑
Egg (4 pcs)	Tk 45-Tk 50	3.26 ↑	14.46 ↑

SOURCE: TCB

## Steel prices unlikely

FROM PAGE B1

He thinks that the energy crisis will continue in the coming days and the price of the dollar might increase further. "So, there is a possibility that the price of steel products will rise in the future."

According to Rahat, there is a provision of paying a 2 per cent source tax on the sales of rods and a Tk 500 per tonne source tax on the import of scrap.

In its budget proposal, the sector had demanded a cut in the advance income tax to Tk 100 per tonne from Tk 500 (non-adjustable), but the government did not pay any heed.

Rahat argued that the additional tax paid is not adjustable in the next financial year. As a result, businesses sometimes end up paying more tax than they owe.

He thinks it is necessary to fix the source tax at Tk 200 per tonne in the case of scrap import, withdraw the source tax on the sales of rods, cancel the provision of the minimum tax at source at the import level, and offer an opportunity to adjust the advance income tax. "In order to sustain the business of the sector, the amendment of laws is necessary."

In Bangladesh, the steel industry has been facing a difficult situation after a sudden increase in the price of gas and electricity. This has pushed up the energy bills of steel production, sending the price of rods to a record high.

Data from the Trading Corporation of Bangladesh showed that the 60-grade MS (mild-steel) rod has been retailing at Tk 101,500 per tonne since May 15, up from Tk 91,500 a year ago.

## Dhaka stocks

FROM PAGE B4

SK Trims & Industries were among the top gainers.

National Tea Company was the biggest loser, shedding 8.7 per cent.

Northern Jute Manufacturing, Meghna Insurance Company, Sonali Life Insurance Company, and Sea Pearl Beach Resort & Spa suffered significant losses.

Lub-tref (Bangladesh) was the most-traded stock on the day with its issues worth Tk 58 crore transacting. Meghna Life Insurance Co, Intraco Refueling Station, IT Consultants, and Rupali Life Insurance Company also saw a significant turnover.

The Caspi, the all-share price index of the Chittagong Stock Exchange, dipped 11 points, or 0.06 per cent, to close at 18,776.

Of the issues, 60 rose, 79 retreated and 93 did not see any price swing.

However, turnover on the port city bourse edged up 4.28 per cent to Tk 22.88 crore.

## Grameenphone to halve carbon emission by 2030

STAR BUSINESS REPORT

Leading telecom operator Grameenphone has pledged to reduce its carbon emissions by 2030.

The organisation has set a target to reduce 50 per cent carbon emissions by 2030, taking 2019 emissions as the baseline, the mobile phone operator said in a statement.

GP said it converted around 1,200 towers into solar energy powered sites in remote places.

"Deploying solar powered towers is a stepping stone towards co-creating a greener future. It will significantly reduce carbon dioxide emissions from our operations and help overcome the electricity supply problem," said Yasir Azman, chief executive officer of Grameenphone, in an event titled "Green Energy Ecosystem in Bangladesh" at GP House in Dhaka yesterday.

## ECB sees no peak in core inflation despite moderation: Lagarde

REUTERS, Frankfurt

European Central Bank President Christine Lagarde on Monday acknowledged "signs of moderation" in core inflation in the euro zone but reaffirmed it was too early to call a peak in that key gauge of price growth.

Lagarde's comments were likely to cement market expectations for more interest rate increases from the ECB this month and the next despite a sharp fall in inflation last month.

"The latest available data suggest that indicators of underlying inflationary pressures remain high and, although some are showing signs of moderation, there is no clear evidence that underlying inflation has peaked," Lagarde told European lawmakers.

Inflation in the 20 nations sharing the euro eased to 6.1 per cent in May from 7.0 per cent in April and core prices, which exclude volatile food and fuel and are closely watched by the ECB, rose by just 5.3 per cent from 5.6 per cent.

This has fuelled a debate about the need for further ECB hikes beyond a well-flagged increase at its next meeting on June 15, which will likely take the total to an unprecedented 4 percentage points in less than 12 months.

## India home prices set to stay above inflation

REUTERS, Bengaluru

Home prices in India are set to hold above consumer inflation, even though interest rates are expected to stay higher for longer than previously thought, a Reuters poll of property analysts found.

A surge in savings and minimal income disruption to cash-rich home buyers during the pandemic led to a rise in demand that has made the market more resilient to interest rates than initially expected.

The May 16-June 1 poll of 12 property analysts predicted national home prices would reach a median 6.0 per cent this year, a modest upgrade from the 5.5 per cent expected in a March survey.

Forecasts ranged widely, from 1.8 per cent to 20.0 per cent.

Average home prices were expected to rise by 5.5 per cent next year and in 2025, outpacing consumer price inflation forecasts of 5.1 per cent and 4.8 per cent for fiscal years 2023/24 and 2024/25, respectively, in a separate Reuters poll.

"The interest rate cycle is near its end," Arvind Nandan, managing director of research at Savills India, said. "We think prices will continue to remain stable or rise steadily - though not steeply."

The Reserve Bank of India raised the repo rate by 250 basis points in this tightening cycle, modest compared with other major central banks. Rates are set to stay at 6.50 per cent for the rest of 2023 and start falling early next year.

"Demand and supply of affordable housing are reducing, while the luxury and high-end segments are witnessing increased traction. As a result, future developments are likely to increase in these segments which will quickly drive overall home prices northwards," said Anuj Puri, chairman of ANAROCK.



### Winners of National Productivity and Quality Excellence Award 2021 large and medium industries categories

LARGE INDUSTRY	
Sub-category	Company
Steel and Engineering	HMCL Niloy Bangladesh Ltd
Pharmaceuticals	Square Pharmaceuticals
Ceramics	Sheltech Ceramics
Textile and Spinning	Coats Bangladesh Ltd
RMG	Pacific Jeans Ltd
Food	SQUARE Food & Beverage Ltd
Agro-processing product	Abdul Monem Sugar Refinery Ltd
Services	ITS Labtest Bangladesh Ltd
Plastic	National Polymer Industries Ltd

MEDIUM INDUSTRY	
Sub-category	Company
Food	Ispahani Foods Ltd

SOURCE: INDUSTRIES MINISTRY PHOTO: SHELTECH CERAMICS

# 39 firms to get productivity, quality award

STAR BUSINESS REPORT

Thirty nine firms are going to get the "National Productivity and Quality Excellence Award 2021" in recognition of their continuous improvement in productivity and quality.

The industries ministry, which is conferring the awards, published a gazette notification with the names of the recipients on Monday.

Besides, a trade body and an association have been selected for an "Institutional Appreciation Award 2021" in recognition of their contribution to the industrial sector and encouraging creativity.

The "National Productivity and Quality Excellence Award" is being provided under six categories.

Under a "Large Industry" category, 23 firms have won the award while six firms won under a "Medium Industry" category.

Four firms have won the award under a "Small Industry" category while one firm under "Micro Industry" and two firms under a "Cottage Industry" category.

Three firms won the award under a "State-owned Industry" category.

HMCL Niloy Bangladesh Limited, a

concern of Nitel Niloy Group, won the award under a steel and engineering subcategory of the "Large Industry" category.

Abdul Matlub Ahmad, chairman of Nitel Niloy Group, said they ensure quality

**"Our technicians and engineer's cross check every step from painting to assembling all components before make the delivery to the market so that no complaint arises after sales."**

at every step during assembling Hero motorcycles at their factory to satisfy the customers.

"Our technicians and engineer's cross check every step from painting to assembling all components before make the delivery to the market so that no complaint arises after sales," he said.

He said they provide training to the staff so that they can continuously improve

and develop their skills.

Ahmad said around 400 technicians and staff work in this factory located in Jessore, a district west of the country.

According to him, this factory has a capacity to assemble 2 lakh motorcycles per year but they assemble only 80,000 to 100,000 units per year.

Moreover, they serve safe food to their staff and do not allow food from outside to avoid any kind of food poisoning.

"Considering these factors, the government chose to award our factory which is encouraging for other factories related to the engineering sector," he noted.

Sheltech Ceramics Ltd won the top award under a ceramics subcategory of the "Large Industry" category.

"It is a big achievement for us. We hope to be able to retain it," said Tanvir Ahmed, chairman of Sheltech Ceramics Ltd.

The concern of Sheltech Group started operations in 2018 and has become one of the biggest ceramic makers in Bangladesh, said Ahmed.

They had earlier received the award for their textiles, garments, electricity pole manufacturing and hotel business, he added.

## How industries are coping

FROM PAGE B1

For instance, when the gas pressure improves, the company's Tongi and Rajendrapur units work on spinning and dyeing and the rest of the time, they do other work.

The group's gas bills increased to Tk 70 crore per month from Tk 35 crore since February this year although the pressure of gas is still low, said Chowdhury. The company can run at 50 per cent capacity now.

"If the situation does not improve soon, local factories will face problems in making exports and paying workers," said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

In the end, factory owners will

fail to repay loans as they will not be able to make a profit, he said.

"The situation is very bad. A dearth of energy is a big concern now," said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

"Running a business with diesel-run generators is very expensive. So, output has fallen and the cost of production has increased."

Also, a demand of businesses for lowering the duty on the import of solar panels has not been met in the proposed budget, he said.

Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry, echoed Jashim.

He suggested entrepreneurs use energy-efficient equipment to run factories.

## BAJUS demands amendment to baggage rule

FROM PAGE B1

discussion on the proposed national budget for fiscal year 2023-24 at the BAJUS office in Dhaka yesterday.

By amending the baggage rule, it would be possible to control gold smuggling to a large extent, he said.

This is because many people bring gold bars from abroad by taking advantage of the rule. As a result, local businesses are being affected.

Hossain then said they are disappointed by the fact that just one of their 12 proposals were included in the budget.

In the budget for the next financial year, it has been proposed that the duty to be paid for importing 11.664 gram gold bars or pieces through airline passengers will be raised to Tk 4,000 from Tk 2,000.

BAJUS also demanded the value-added tax on sales of gold ornaments be reduced from 5 per cent to 3 per cent as it would discourage people from avoiding the charge.

As a result, the government's revenue shortfall would be met to some extent, Hossain said.

In addition, BAJUS proposed reducing the customs duty on gold ore from 5 per cent to 10 per cent.

The annual demand for gold ranges between 20 tonnes and 40 tonnes in Bangladesh, as per the country's gold policy.

According to commerce ministry documents, almost 80 per cent of this demand is met through smuggling and the rest by recycled gold.

BAJUS says gold worth Tk 73,000 crore is smuggled in every year.

## 3 submarine cable firms

FROM PAGE B1

Aminul Hakim, a director of Metacore Subcom, said it is almost confirmed that they are joining an initiative and plan to enter an agreement in this regard by June.

"If the three firms want to connect with Singapore, the route will be the same. So, it will be a waste of money if you deploy three cables."

"Besides, those payments have to be made in US dollars and it is almost impossible to do so under the current circumstance."

Owing to the Russia-Ukraine war, Bangladesh has been going through a foreign exchange crisis for the past one year as higher import bills have lowered the country's international currency reserves by about 30 per cent during the period, making it difficult for companies to open letters of credit for non-essential and luxury items.

The dollar has strengthened by about 29 per cent against the taka in

the past one year.

Each of the three companies will be able to bring about 18,000 Gbps bandwidth through the cable, enough to meet the rising demand for bandwidth in the country.

In addition, the cost of the joint initiative would be reduced to Tk 1,500 crore, Hakim added.

In Bangladesh, bandwidth consumption witnessed a remarkable rise during the coronavirus pandemic as people turned to internet to work, study and find entertainment at home.

Bandwidth usage surged to over 4,800 Gbps in May from 1,000 Gbps before the health crisis erupted, according to the Bangladesh Telecommunication Regulatory Commission (BTRC).

BSCCL supplies 2,300 Gbps while the rest comes from India through seven international terrestrial cable service providers.

Bangladesh is a member of the South East Asia-Middle East-Western Europe 4 (SEA-ME-WE 4) consortium, the first undersea cable with which Bangladesh was connected in 2006. It supplies about 800 Gbps bandwidth.

The state-run entity supplies 1,500 Gbps through the SEA-ME-WE 5, for which the connection was established in 2017.

The company is set to receive 13,200 Gbps from the third undersea cable, SEA-ME-WE 6, by 2025.

Also, BSCCL is going to spend \$3.2 million to raise the capacity of its first undersea cable by more than four times to 4,600 Gbps.

According to the BTRC's guideline, submarine cable firms must roll out cables within 48 months of obtaining licences.

CdNet Communications CEO Rahman said the firms would connect the country with a private submarine cable before the rollout deadline.

## Signs of de-dollarisation emerge: JPMorgan

REUTERS, London

There are some signs of de-dollarisation emerging right now, but the dollar should retain its "large footprint" for the foreseeable future, JPMorgan currency strategists said in a note on Monday.

"Putting together various measures, overall USD usage remains within its historical range with the dollar at top of the pack, but usage is bifurcated under the hood," strategists Meera Chandan and Octavia Popescu at the Wall Street bank wrote.

The dollar's share of traded currency volumes is just shy of record highs, at 88 per cent, while the euro's share has shrunk by 8 percentage points in the last decade to a record low of 31 per cent. The share of the Chinese yuan, meanwhile, has risen to a record high of 7 per cent.

"De-dollarisation is evident in FX reserves where (the dollar's) share has declined to a record as share in exports declined, but is still emerging in commodities," the strategists said.

## German exports rebound in April

AFP, Frankfurt

German exports bounced back in April after falling a month earlier, official data showed Monday, but analysts said it was too soon to see a recovery in Europe's recession-hit largest economy.

Germany exported goods worth 130.4 billion euros (\$139 billion) in April, data published by federal statistics agency Destatis said, a 1.2 per cent increase on the previous month.

In March, demand for "made in Germany" goods plunged by six percent.

The bounce-back was driven by a 4.7 per cent jump in exports to the United States, which was once again Germany's biggest export destination.

Exports to key market China saw a 10.1 per cent increase, while those to European Union countries rose by more than four per cent.

Imports fell 1.7 per cent in April to 112 billion euros, leading a trade surplus of 18.4 billion euros for the month.

The rise in exports after March's sharp decline brought some relief, analysts said, after Europe's export powerhouse slid into a recession at the turn of the year as inflation and higher interest rates curbed demand.

But the April rebound in exports is "too little to make us happy", said ING bank economist Carsten Brzeski. "Trade is no longer the strong resilient growth driver of the German economy it used to be," he said.

An expected slowdown in the US economy, ongoing supply chain frictions and China increasingly being able to produce its own goods would all "leave clear marks on German exports", Brzeski warned.

The German economy shrank by 0.3 per cent in the first three months of 2023 following a 0.5 per cent contraction in the final quarter of last year, according to figures released by Destatis at the end of last month.

The German government expects the economy to grow by 0.4 per cent over the whole of 2023.

## Islamic banks' loan surges

FROM PAGE B1

Some Shariah-based banks have also faced a wide range of scams in recent times, denting the confidence of depositors.

Under such a situation, some banks, including Islami Bank Bangladesh Ltd (IBBL), the largest private bank in terms of deposits and investments, suffered from liquidity dearth resulting from fund withdrawals.

The liquidity crunch prompted the central bank in December to pump funds into a number of Islamic banks, including IBBL, to enable them to meet emergency financing needs and comply with regulatory requirements.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, says that the economy has been sluggish in recent periods owing to the uncertainty at home and abroad. Still, Islamic banks have posted remarkable investment

growth.

"The economy is facing an energy crisis, which hurt the production of industries. But the banks have disbursed a large amount of funds. This is interesting."

**Private sector credit growth in Bangladesh dropped to a 14-month low of 11.23 per cent in April owing to weak credit demand amid the current business slowdown.**

Private sector credit growth in Bangladesh dropped to a 14-month low of 11.23 per cent in April owing to weak credit demand amid the current business slowdown. Fahmida Khatun, executive

director of the Centre for Policy Dialogue, says that the large volume of investments at a time of crisis is not an indication of prudential banking.

The Shariah-compliant banks, which have recently faced loan irregularities, were considered well-reputed lenders, but their image has been tarnished, she said.

"Some Islamic banks even failed to ensure the required cash reserve ratio."

The overall availability of excess liquidity at the Shariah-based banks and the Islamic banking windows of traditional lenders slipped to Tk 7,708 crore in March this year, from Tk 12,871 crore in December.

Their collective surplus liquidity stood at Tk 29,999 crore in March last year.

Both Hossain and Fahmida also urged the central bank to look into higher lending by the banks.

## Dhaka stocks close lower, snapping two-day winning streak

### STAR BUSINESS REPORT

The key index of the Dhaka Stock Exchange dropped yesterday, snapping a two-day winning streak although turnover remained at an elevated level.

The DSEX, the benchmark index of the top bourse in Bangladesh, lost 9 points, or 0.15 per cent, to close the day at 6,356.

The DS30, the blue chip index, decreased 0.03 per cent to 2,198 while the DSES, the shariah compliant index, went down 0.05 per cent to 1,382.

Turnover, a key indicator of the market, inched up 0.15 per cent to Tk 1,256 crore.

Of the securities, 71 advanced, 112 declined and 179 did not show any price movement.

The Dhaka stocks failed to sustain their upward momentum and ended in the red as investors booked profits, said International Leasing Securities Ltd in its daily market review.

**The DSEX, the benchmark index of the top bourse in Bangladesh, lost 9 points, or 0.15 per cent, to close the day at 6,356.**

The shaky investors preferred to book some quick gains on sector-specific stocks after the DSEX added 26 points in the last two sessions.

Though the market started on a positive note, it could not sustain the uptrend. Rather, it observed sales pressure from speculators, the brokerage house added.

Among the sectors, textile rose 0.4 per cent, engineering was up 0.3 per cent and fuel and power increased 0.2 per cent. The travel sector dropped 3.6 per cent, the jute sector fell 3.5 per cent, and the general insurance sector declined 2.7 per cent.

The investors' attention was mostly centred on life insurance, which accounted for 16.3 per cent of the day's turnover. The IT sector represented 13.4 per cent of the turnover and the fuel and power sector 12.7 per cent.

Bangladesh Autocars made the highest gain with an increase of 9.9 per cent.

Legacy Footwear, Lubrrf (Bangladesh), Trust Islami Life Insurance, and

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The government has started purchasing paddy through the Directorate General of Food at Tk 30 per kilogramme (kg) from farmers in Lalmonirhat. A total 4,058 tonnes of paddy will be procured from the district this year and kept at seven government warehouses. Around 1,086 tonnes have already been procured till Monday afternoon. The distribution of rice through cash sales schemes such as Open Market Sales (OMS) is planned at 14.19 lakh tonnes for the next fiscal year. The photo was taken at the Teesta warehouse in Lalmonirhat sadar upazila recently.

PHOTO: S DILIP ROY

# Govt cuts public food imports to save forex

SOHEL PARVEZ

Bangladesh plans to cut public foodgrain imports in the next fiscal year in an effort to save foreign currencies and avoid putting further pressure on the already strained forex reserves.

The Directorate General of Food will buy 500,000 tonnes of rice and 600,000 tonnes of wheat from the international market in 2023-24 to build public food stocks and distribute the grains through various social protection schemes, including subsidised sales among low-income people.

The targeted rice purchase is 44 per cent lower than the revised estimated import of the cereal at 900,000 tonnes for the ongoing financial year, according to the budget documents of the finance ministry.

As such, the government has nearly halved its budget for the purchase of grains to Tk 2,592 crore from Tk 4,865 crore in 2022-23. In the case of wheat, the government plans to buy a 14 per cent lower amount from its revised target of 700,000 tonnes for FY23.

"We have decided to reduce the import in order to save foreign currencies," said Md Shakhawat Hossain, director-general of the Directorate General of Food.

"We have had good Aman and Boro harvests in the immediate two crop seasons. So, we want



to buy an increased volume of grains from the local market."

The food office aims to buy 13 per cent higher rice at 19.61 lakh tonnes through domestic procurement in FY24. It wants to purchase 1 lakh tonnes of locally grown wheat as well, according to the documents of the proposed national budget.

The government has allocated Tk 8,750 crore in FY24 to buy locally grown rice, which is up 21 per cent from Tk 7,200 crore in FY23.

"Farmers will get better prices because of a higher increased domestic procurement. At the same time, foreign currencies will be saved," Hossain said.

Until June 1 of the current fiscal year, the food office purchased 633,000 tonnes of

rice and 679,000 tonnes of wheat from overseas markets, food ministry data showed.

Alongside wheat, Hossain's office will buy 12.5 lakh tonnes of milled rice and 4 lakh tonnes of unhusked grains or paddy from the local market during the current Boro procurement season, which ends on August 31.

Already, it has bought 341,000 tonnes of parboiled milled rice and more than 30,500 tonnes of paddy from the local market to build up stocks, which stood at 17.13 lakh tonnes as of Sunday.

"We are getting a good response," Hossain said.

Despite increased purchases from the domestic market, the government plans to slash its overall procurement of cereals by 5 per cent to 31.61 lakh tonnes for

FY24.

Accordingly, it also looks to reduce the public distribution of food, both in monetised sales and non-monetised distribution programmes.

The distribution of rice through cash sales schemes such as Open Market Sales (OMS) is planned at 14.19 lakh tonnes for the next fiscal year, down 4 per cent from 14.83 lakh tonnes in the outgoing financial year.

The distribution target for wheat has also been revised downwards for FY24.

In the case of non-monetised distribution programmes, namely the Food for Work and the Vulnerable Group Feeding, the government has decided to distribute 998,000 tonnes of rice in FY24, down 9 per cent year-on-year.

Similarly, the government plans to distribute a lower volume of wheat under the scheme.

When asked about the reasons behind the plan aimed at reducing distribution, Hossain said the government will decide based on the situation.

"If the situation demands, the government will respond accordingly," he said.

The volume of rice and wheat that would be sold through open market sales operation has been revised upwards to 550,000 tonnes for FY23 from the 350,000 tonnes initially targeted.

## Board of directors: first frontier in building an ethical organisation

KAMRAN BAKR

Remember the ethical lapses at Volkswagen, Wells Fargo, Wirecard and Enron? Then we also have the familiar instances of major ethical debacles at home. How could such debacles occur under the watchful eyes of the ultimate guardians of the organisations, i.e. the board of directors?

I share below some context for aspiring ethical directors as well as suggestions to strengthen their organisation's ethical systems and become a shining lighthouse in Bangladesh for corporate governance and ethics. By doing so, they can avoid the dire consequences of ethical debacles for themselves, e.g. imprisonment and ensure the survival of their organisations.

Disgruntled employees having access to information on organisational misconduct may expose them at any time. Furthermore, the younger generation prioritises values over profit, making them prone to expose misconduct they may come across.

Finally, in today's hyper-connected world, with prevalent investigative journalism and advanced digital forensics, whereby even deleted digital files can easily be reconstructed, any unethical behaviour can be swiftly exposed and made viral. As a result, any misconduct can spell disaster for individuals, e.g. imprisonment as well as threaten the very survival of the corporation.

As an aspiring board member, you must be responsible and accountable to all stakeholders of the business – not only the dominant shareholders.

You must, therefore, guard against being used as a mere "rubber stamp" and attempts to reduce board meetings to a mere formality to meet statutory requirements and serve the interests of dominant shareholders.

Do not tolerate manipulative tactics to control the board meeting agenda, last moment circulation of long pre-reads and rushed meetings. Feel free to ask for additional information or analysis – it is your right and duty!

Attending occasional meetings puts you at a disadvantage compared to senior management, who are more involved in day-to-day operations and have a deeper understanding of the business. As such, they, guided by controlling shareholders, may easily manipulate discussions to achieve their objectives. This is further exacerbated by some directors lacking the necessary values, qualifications and commitment.

Hence, build a strong board with ethical, experienced talent. Continually develop their competencies for effective governance and long-term sustainability. It is the combination of experience and competencies that enable board members to question and dissent logically.

Stay away from "cronies" who are willing "to sell their soul" in exchange for the fees and status of being a director. There are numerous examples of how spineless directors have, through their "bought" silence, wreaked havoc on the organisation.

As ultimate guardians, boards must establish ethical guard rails to prevent some management's profit-at-all-cost approach from going unchecked. To do this effectively, you need to consistently "set the tone" within the board, "walk the talk" and continually reinforce the importance of "doing the right thing".

Also, set up policies and rigorously implement them to address conflicts of interest among the board members. Remember that hypocrisy and ambiguity are the deadliest enemies of ethical culture. Obsession with aggressive goals can compromise judgement and ethics. As such, boards must set and continually reinforce core values by clearly communicating boundaries and consequences, ensuring goals are achievable and realistic and processes align with them.

As an aspiring board member, by taking these steps properly, you will be able to prevent major ethical lapses and pave the way for the long-term success of your organisation, thereby leaving a positive legacy.

The author is former chairman and managing director of Unilever Bangladesh Ltd



## Debt ceiling deal ignores US debt time bomb

REUTERS, Washington

Republicans and Democrats are touting a hastily-written debt ceiling deal that staves off a devastating US default, but does little to slow a massive buildup of total federal debt now on pace to exceed \$50 trillion in a decade.

The deal's first problem, budget experts say, is it only curbs non-defense discretionary spending, or just about one-seventh of this year's \$6.4 trillion federal budget. Defense, veterans' care and big-ticket safety-net programs are spared.



Longer term, it fails to alter the US's chronic and growing revenue shortfall, thanks to health and retirement spending on the country's aging population and Congress's failure to raise taxes.

"If you're worried about the deficit and debt problem, this thing does nothing," said Dennis Ippolito, a public policy professor and fiscal expert at Southern Methodist University.

"What you've got in place is essentially Democratic spending policy and Republican tax policy, and there is nothing in the works that suggests any change to either of those," he said.

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A handout picture provided by energy giant Saudi Aramco shows its Safaniya and Tanajib onshore plants in Fadhili, located 30 kilometers west of the city of Jubail in the eastern province of Saudi Arabia.

PHOTO: AFP/FILE

## Oil market rallies on Saudi output cut

AFP, London

Oil rallied Monday after key producer Saudi Arabia slashed output by a million barrels in a bid to prop up prices, while fellow Opec+ members agreed to continue current cuts to 2024.

International benchmark Brent oil and US counterpart WTI crude won more than two per cent.

Asian and European stocks mainly climbed with energy majors boosted by higher crude futures, which boosts profit and revenues.

Wall Street opened flat after having rallied on Friday on strong US jobs data that lifted hopes the US Federal Reserve will refrain from hiking interest rates next week.

Sentiment also remains buoyant after the United States clinched a

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