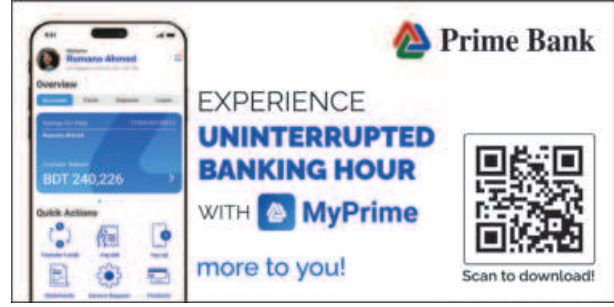


star BUSINESS



MAIN POINTS

INSURERS
THAT GOT
OBSERVERS
FROM THE
REGULATOR



- » Progressive Life Insurance Company Ltd
- » Sunlife Insurance Company Ltd
- » Golden Life Insurance Ltd
- » Padma Islami Life Insurance Ltd

WHAT PROBLEMS DO INSURERS FACE?



A large portion of premiums have turned into bad investments



Overspending their allowable limit



Having asset values that are lower than the claims of policyholders

TOTAL VALUE OF CLAIMS TO BE PAID IN NEXT FIVE YEARS

Progressive Life Insurance:	Padma Islami Life Insurance:	Golden Life Insurance:	Sunlife Insurance Company:
Tk 430cr	Tk 102cr	Tk 70cr	Tk 200cr

BANGLADESH'S INSURANCE SECTOR

Life insurance companies: 35	Non-life insurance companies: 46	Contribution to GDP: 0.4%	Life insurance penetration: 0.5%	Emerging market average: 3.3%
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Observers appointed at 4 life insurers

Idra move aims at helping settle claims

SUKANTA HALDER

The Insurance Development and Regulatory Authority (Idra) has appointed four of its officials as observers at four life insurance companies for their failure to protect the interests of policyholders.

The companies are Progressive Life Insurance Company Limited, Sunlife Insurance Company Limited, Padma Islami Life Insurance Limited, and Golden Life Insurance Limited.

The appointments came about through letters dated June 1. The officials will work towards fast settling claims and resolving related complaints, explained an Idra official on condition of anonymity.

The Idra received complaints over the years from policyholders and initiated probes into the companies in question, said sources in the regulatory body for the insurance sector.

It found that Progressive Life Insurance had to pay Tk 430 crore in claim settlements in the next five years but had only Tk 46 crore in assets, which include government securities, mutual funds, shares, debentures and real estates.

In the last 10 years, the company's unauthorised management expenditure amounted to Tk 100 crore.

Sunlife Insurance had to pay Tk 200 crore in insurance claims in the next five years but had assets worth Tk 100 crore in total.



In the case of Padma Islami Life Insurance, the amount payable was Tk 102 crore. Although the company's assets amounted to Tk 160 crore, the Idra assessed that only Tk 20 crore could be liquidated.

Golden Life Insurance had to pay Tk 70 crore but had assets amounting to Tk 48 crore. In the last 10 years, its unauthorised management expenses amounted to Tk 112 crore.

The Idra found that of the four companies, only Padma Islami Life Insurance settled 70 per cent of the claims to date. For the rest, it was an average of 30 per cent to 40 per

cent.

According to Section 72 of the Insurance Act 2010, there is an obligation to pay claims within 90 days of the expiry of the policy. If paid after 90 days, interest will have to be paid.

The insurance industry's considerable potential is being wasted for a lack of confidence caused by the low claim settlement rates of some companies, according to an official of the Idra.

Such companies are in trouble because they are making bad investments out of a large portion of their premiums, he said.

Bangladesh's life insurance penetration is 0.5 per cent, well behind the emerging market average of 3.3 per cent. In 2020, India's life insurance penetration was 3.2 per cent while it was 2.4 per cent in China.

Currently, there are 35 life insurance and 46 non-life insurance companies active in the country. Of them, 49 are listed on the stock market.

The insurance industry contributes only 0.4 per cent to Bangladesh's growing gross domestic product.

READ MORE ON B3

Banks told to clear dues with airlines

STAR BUSINESS REPORT

Bangladesh Bank yesterday instructed seven banks that failed to clear their dues with foreign airline companies on time to adjust their payments as soon as possible.

Md Abul Bashar, acting spokesperson of Bangladesh Bank, informed journalists about this development at a press briefing at the central bank headquarters in Dhaka.

A number of media outlets reported that foreign airline companies are owed \$214 million by the seven lenders operating in the country, he said.

The central bank collected data in this regard and found that the actual amount is \$177.79 million, Bashar added.

Asked whether the

READ MORE ON B3

DHAKA-ASHULIA ELEVATED EXPRESSWAY

Bangladesh pays first foreign bill in taka

JAGARAN CHAKMA

Bangladesh has made the first payment for a mostly foreign loan-funded project in the taka, ushering in another mode of better preserving foreign currency reserves.

The project is on constructing a 24-kilometre elevated expressway connecting Dhaka to Ashulia at a cost of Tk 17,653 crore, or around \$1.2 billion.

China is providing 85 per cent of the cost as a loan at 2 per cent interest, payable in 20 years, including a grace period of five years. The remaining 15 per cent is being borne by the Bangladesh government.

The Export Import Bank of China is paying the loan part in US dollars to the Chinese contractor, China National Machinery Import & Export Corporation, which is implementing the project. The Bangladesh government will reimburse the bank.

As for the 15 per cent of the Bangladesh government, Shahabuddin Khan, the project director, said, "We convinced them (the contractor) to accept the bill in the taka as they will have some spending to do in Bangladesh."

"They accepted our proposal taking into consideration the present context," he told The Daily Star last week.

According to him, over 250 Chinese citizens, including engineers and staff, and 1,000 Bangladeshis are now working on the project.

To address a demand-supply gap in the foreign exchange market, the Bangladesh Bank has sold foreign currencies and allowed the depreciation of the taka.

Owing to higher import bills compared to combined receipts from export and remittance, the foreign exchange reserves plunged to \$29.92 billion on May 31 from \$42.20 billion on the same day last year, data from the central bank showed.

Prime Minister Sheikh Hasina inaugurated the construction in November last year and the first payment of Tk 1,339 crore, or \$130 million, was made in October. Of the sum, the Bangladesh government's portion amounted to Tk 34 crore.

The next payment of Tk 600 crore, or \$58.25 million, will be made in June and of it, the Bangladesh government will pay Tk 90 crore.

READ MORE ON B2

Corporate tax cuts needed for financial sector

STAR BUSINESS REPORT

The financial sector is going through a challenging situation owing to a surge in the borrowing cost and its impact on profitability, so a cut in corporate tax rates may help the sector gain momentum and boost the economy, said a top executive of a non-bank financial institution.

"This is because the sector's profitability is dependent on businesses, and businesses are suffering tremendously due to lower demand," said M Jamal Uddin, chief executive officer and managing director of IDLC Finance Ltd.

"This lower demand has been caused by higher inflation, which is ultimately the result of the Russia-Ukraine war," he said in an interview with The Daily Star while sharing his observations about the proposed budgetary measures for the next fiscal year of 2023-24.

The top executive said banks and NBFIs have not seen any direct policy-level changes in terms of tax measures. At the same time, there are no significant changes that may influence the banking habits of individuals or corporate customers.

"However, a slight decrease in the corporate tax rate for banks and NBFIs may help the sector."

In the proposed tax measures, the National Board of Revenue (NBR) has sought to continue the corporate tax rates for listed banks and NBFIs at 37.5 per cent. The rate for non-listed financial institutions is 40 per cent, the second-highest after mobile phone operators and tobacco companies.

Jamal said one of the major concerns of the financial sector is the ailing capital market, which has been bearish for a while due to macroeconomic adversities.



M Jamal Uddin

READ MORE ON B2

Lay's starts producing potato chips in Bangladesh

PepsiCo teams up with Transcom Consumer Products

STAR BUSINESS REPORT

Lay's, one of the world's most-loved potato chip brands from PepsiCo, has officially started producing its chips in Bangladesh.

Highlighting its steadfast dedication to Bangladesh, "Lay's Make in Bangladesh" initiative has been taken in partnership with Transcom Consumer Products Ltd, according to a press release.

Ahmed ElSheikh, president for the India region at PepsiCo, and Simeen Rahman, group chief executive officer of Transcom Group, unveiled the initiative at a manufacturing plant in Bogura.

Lay's is one of the brands that makes up Frito-Lay North America, the \$19 billion convenient foods division of PepsiCo.

"The establishment of the manufacturing unit dedicated to making the iconic Lay's potato chips, at the plant, serves as a powerful testament to Lay's unwavering commitment to supporting the local community and driving economic growth in the region," PepsiCo said.

The launch of the initiative stems from PepsiCo's presence in the country over two decades because of its strong and fruitful partnership with Transcom Group.

Benefiting from Lay's existing popularity in Bangladesh, this initiative will meet the robust and growing local demand for innovative formats and flavours

READ MORE ON B3



Ahmed ElSheikh, president of the India region at PepsiCo, and Simeen Rahman, group chief executive officer of Transcom, jointly unveil the manufacturing plant of Lay's in Bogura yesterday. One of the world's most-loved potato chip brands from PepsiCo, Lay's has started producing chips in Bangladesh in partnership with Transcom Consumer Products Ltd.

PHOTO: TRANSCOM GROUP

Dhaka bourse suffers sharpest fall in six months

STAR BUSINESS REPORT

The key index of the Dhaka Stock Exchange (DSE) yesterday lost 0.63 per cent, the sharpest single-day decline in at least the past six months, as tensions grew over the proposed increase in capital gains tax for general investors.

The DSEX, the benchmark index of the premier bourse in Bangladesh, shed 40 points to 6,316 by the end of the session.

The DS30, representing blue chip stocks, decreased 0.43 per cent to 2,188 points while the DSES, an index comprised of shariah-compliant companies, edged down 0.72 per cent to 1,372 points.

As the draft Income Tax Act 2023 proposed raising the capital gains tax for general investors, people are afraid of a potential decrease in net

READ MORE ON B2

Mastercard launches ‘Free Hit to Cricket World Cup’ campaign

STAR BUSINESS DESK

Mastercard yesterday launched a campaign styled “Free Hit to Cricket World Cup” to provide cardholders with an opportunity to witness the 2023 Cricket World Cup.

The campaign will run from June 6 to July 31 this year, said a press release.

It allows people with mastercard credit, debit, and prepaid cards to make domestic and international retail transactions and claim rewards to add joy to the festivities.

The campaign will offer an opportunity for the two highest spenders to witness the Cricket World Cup final match live in India.

The next 10 winners will have

the opportunity to experience team Bangladesh’s matches while other winners will be rewarded with a range of exclusive prizes.

Mastercard cardholders who make four transactions worth Tk 1,000/US\$25 or above during the campaign period will become eligible to win special prizes, including the final match ticket to Cricket World Cup.

The winners will be decided based on the number of points earned at the campaign’s end.

“With the World Cup around the corner, this campaign will lead to creating special moments to cheer Bangladesh during the Cricket World Cup 2023,” said Syed Mohammad Kamal, country manager for Bangladesh Mastercard.



Mirza Ahmed Ispahani, director of Ispahani Group, receives an award and a certificate from Commerce Minister Tipu Munshi on behalf of Zareen Tea Garden at the National Tea Awards programme held in Sreemangal, Moulvibazar on Sunday. PHOTO: ISP AHANI GROUP

Ispahani tea gardens win national award

STAR BUSINESS DESK

Zareen Tea Garden and Neptune Tea Garden, the gardens owned by Ispahani Group, have won the National Tea Awards for their significant contributions to the tea industry in Bangladesh.

Mirza Ahmed Ispahani, a director of Ispahani Group, received an award and a certificate from Commerce Minister Tipu Munshi on behalf of Zareen Tea Garden in the “Best Tea Garden based on Worker Welfare” category at a programme in Sreemangal, Moulvibazar on Sunday, said a press release.

Golam Mustafa, chief operating officer of Ispahani Tea Estate, and Upalaxmi Tripura, a tea worker of Neptune Tea Garden, received the other award in the “Best Tea Leaf Picker” category.

The Bangladesh Tea Board, in association with the commerce ministry, has introduced the award to recognise the significant contribution of the tea industry.

Bangabandhu Sheikh Mujibur Rahman was the first Bengali to become the chairman of the Tea Board on June 4, 1957. In order to mark the day, the Bangladesh Tea Board has been celebrating June 4 as the National Tea Day since 2021, according to a press release of Ispahani Group.

Md Abdus Shahid, member of parliament from Moulvibazar constituency 4, Tapan Kanti Ghosh, senior secretary of the commerce ministry, Major General Md Ashraf Islam, chairman of the Bangladesh Tea Board, Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, Shah Moinuddin Hasan, chairman of the Tea Traders Association of Bangladesh, and Kamran T Rahman, president of the Bangladesh Tea Association, were present at the award ceremony.



High officials of Mastercard, including Syed Mohammad Kamal, country manager for Bangladesh Mastercard, pose for photographs at a launching ceremony of the “Free Hit to Cricket World Cup” campaign ahead of Cricket World Cup 2023 for its cardholders in Dhaka recently. PHOTO: MASTERCARD



Monzurur Rahman, chairman of Pubali Bank, presided over its 40th annual general meeting at the bank's head office in Dhaka yesterday. The shareholders approved a 12.50 per cent cash dividend for the year that ended on December 31, 2022. Directors and shareholders virtually and physically joined the meeting. PHOTO: PUBALI BANK

Apple unveils Vision Pro

AFP, Cupertino, United States

Apple on Monday unveiled its first mixed reality headset, challenging Facebook owner Meta in a market that has yet to tempt users beyond videogamers and tech geeks.

The release was the most significant product launch by the iPhone maker since it unveiled the Apple Watch in 2015.

The Vision Pro, which was generally well received on Monday, will cost a hefty \$3,499 and be available early next year in the United States only, the company said.

“There are certain products that shift the way we look at technology and the role it plays in our lives,” said Apple CEO Tim Cook as he unveiled the sleek VR device that resembled ski goggles.



Shamsuddin Chowdhury, additional managing director of Premier Bank, inaugurates a Bangla Bazar SME branch relocated on 10 North Brook Hall Road in Bangla Bazar, Dhaka recently. Among others, Arif Hossain, councilor of Ward No. 43 at Dhaka South City Corporation, Shanower Ali Sikdar, proprietor of Araf Traders, and Fida Hossain, director of Padma Group, were present. PHOTO: PREMIER BANK



Humaira Azam, managing director of Trust Bank, cuts a ribbon to inaugurate the Rangpur sub-branch of the bank under the supervision of Rangpur Cantonment on Sunday. Ahsan Zaman Chowdhury, deputy managing director, along with officials of the bank were present. PHOTO: TRUST BANK



IFIC Bank recently launched two branches in Bandarban and Noakhali inaugurated by Umme Habiba Mira, upazila nirbahi officer of Bandarban sadar upazila, and Abdul Wadud Pintu, chairman of Noakhali zilla parishad, respectively. Among others, Md Shamsul Azam, manager of Khatunganj branch of the bank, and Md Mosharrar Hossain, manager of Feni branch, were present. PHOTO: IFIC BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUN 6, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	2.27 ↑
Coarse rice (kg)	Tk 48-Tk 50	2.08 ↑	-2 ↓
Loose flour (kg)	Tk 52-Tk 58	-2.65 ↓	29.41 ↑
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	10.14 ↑	76.74 ↑
Onion (kg)	Tk 80-Tk 90	61.9 ↑	126.67 ↑
Egg (4 pcs)	Tk 45-Tk 50	3.26 ↑	11.76 ↑
SOURCE: TCB			

Pakistan proposes 3.5% GDP

REUTERS, Islamabad

Pakistan has proposed a GDP growth target of 3.5 per cent with a 21 per cent inflation projection in estimates for its budget for the 2023-24 financial year, an official source told Reuters on Tuesday.

Prime Minister Shehbaz Sharif’s government is set to present the annual budget on Friday, at a time when the South Asian country faces its worst economic crisis with months of delay in securing funding from the International Monetary Fund (IMF).

Pakistan, which is also in political turmoil, has been caught up for months in an acute balance of payments crisis, with its central

bank’s foreign exchange reserves dipping to as low as to cover hardly a month of controlled imports.

The numbers have been shared in meetings ahead of the budget announcement, which could see changes in reviews in the lead-up to the presentation by Finance Minister Ishaq Dar in parliament, the source added.

The total outlay of the budget, or total spending, is expected to be 14.5 trillion Pakistani rupees (\$50.70 billion), said the source who is privy to the budget planning exercise.

He added that the proposals also included a fiscal deficit target of 7.7 per cent of GDP and a revenue collection target of 9.2 trillion Pakistani rupees (\$32.17 billion).

Sharif is chairing a meeting of the National Economic Council on Tuesday to review the numbers, his office said in a statement.

The budget is being keenly watched as the government is caught between a painful fiscal adjustment reforms agenda set by the IMF, and to make room for any relief to the people ahead of a national election scheduled in early November.

For the outgoing fiscal year 2022-23, which ends on June 30, the country’s GDP growth fell to 0.29 per cent against last year’s annual budget target of 5 per cent, and a revised projection of 2 per cent by the central bank.

Inflation posted at 38 per cent in May is the highest in Asia.

Gap between inflation

FROM PAGE B4

proper market monitoring in the coming days, inflation might go out of reach.

Raihan, a professor of the economics department at the University of Dhaka, said the way inflation is rising, the wage rate would not go up soon as the country’s labour market is mostly informal.

“The increase in the wage rate is a slow process and it goes up gradually. In most cases, workers’ bargaining power when it comes to wages, remuneration and job security is very limited,” he said, adding that in many sectors, workers earn lower than the minimum wage.

Raihan went on to say that the government should emphasise correcting policy measures and setting targets on a priority basis.

“Still, there is time to take proper steps. If appropriate measures are not adopted, inflationary pressure may compound and the higher consumer prices may persist throughout the whole fiscal year.”

The Sanem recently conducted a survey on lower-income groups with a sample size of 1,600 households across eight divisions.

The think tank found that more than 96 per cent of the people reduced their meat consumption in the last six months to February.

“We found that the income of households remained unchanged in September to February but the food expenditure increased sharply,” Raihan said.

Food inflation rose 40 basis points to 9.24 per cent in May. It was 8.84 per cent in April.

“Given the difficult situation, the government should expand the coverage and allocations of social protection schemes to prevent people from falling into deeper impoverishment,” Prof Raihan said.

Yesterday, Planning Minister MA Mannan said: “The government will do whatever is required to bring down inflation.”

Bangladesh pays

FROM PAGE B1

“This will continue until the situation pertaining to the foreign currency reserves improves,” said Khan.

Once completed, the expressway will connect Hazrat Shahjalal International Airport with Abdullahpur, Ashulia, Baipail and Dhaka Export Processing Zone on the Nabinagar-Chandra highway and ensure quick entry and exit from and to the capital.

It will connect up to Kutubkhali under Jatrabari Police Station in Dhaka.

Over four crore people from 30 districts, including the northern districts, will benefit from the expressway as it will make the movement of people and goods easier and quicker.

The expressway project document forecasts a 0.217 per cent boost to the country’s gross domestic product.

More than 5 per cent of the project has been implemented and it would reach 8 per cent by the end of June.

“We have a target to complete 30 per

cent of the overall project by next fiscal year,” Khan said.

This is the first bill payment in the local currency for a mostly foreign loan-funded project, confirmed Md Masudul Haque, joint secretary to the Foreign Aid Budget and Accounts wing of the Economic Relations Division.

“If the same could be done for all such projects, it will turn out positive for the country and help save some foreign currencies.”

This has been made possible through fruitful negotiations with the contractor, believes Prof Selim Raihan, executive director of the South Asian Network on Economic Modeling.

“It is a positive initiative and it will help reduce pressure on the forex reserve.”

“This initiative will also help money circulation and the local suppliers will benefit entirely. If this arrangement can be introduced to the projects funded by foreign loans, it will bring a positive impact on the economy in the long run.”

Corporate tax cuts

FROM PAGE B1

But there have been no significant fiscal measures for the capital market in the proposed budget, he said.

The CEO praised a government initiative that has reduced the number of tax-related reports that are required to submit every year to 12 from 29.

“It will reduce the operational expenses that are needed to prepare them.”

Another good initiative is the move to expedite transactions through mobile financial services and the focus on cashless transactions, according to Jamal.

“This may increase transactions through formal channels and liquidity in the market.”

However, there is no measure that directly impacts the banking and the financial sectors, he said.

One of the major tools in meeting the budget deficit is bank borrowing

and the government plans to take on Tk 132,395 crore from the banking system.

“This may have an impact on the private sector credit growth and the overall liquidity in the sector,” Jamal said.

“The increase in the borrowing from the banking sector may create a crowding-out effect on the economy and lead to fund shortages in the private sector, which will raise the cost of borrowing. Ultimately it can impact the profitability of the banking sector.”

Furthermore, the environmental surcharge, another praiseworthy initiative of the government, will impose a higher effective corporate tax and bring down the disbursement of car loans, he said.

“The rise in the prices of various essential products, along with the travel tax increase, will raise the general and administrative expenses.”

Dhaka bourse suffers

FROM PAGE B1

earnings, especially amid the market’s bearish trend, said a top official of a stock brokerage.

“So, they panicked and sold shares.”

Capital gains are the profit one earns on the sale of assets such as stocks, bonds or real estates.

The draft tax law includes that capital gains tax for institutional investors will be 15 per cent instead of the existing 10 per cent. General investors will face the same rate if they transfer or sell shares before holding them for less than five years.

If the share is transferred before five years pass, it would be considered as the seller’s income and therefore will be subject to income tax varying from 0 per cent to 25 per cent.

The Income Tax Ordinance 1984 will be replaced by the Income Tax Act 2023, which will likely be tabled at parliament soon. If approved, the new act will come into force in July.

Turnover, a key indicator of the market’s liquidity, fell 13.5 per cent to Tk 1,086 crore on the DSE yesterday.

Stocks listed with the country’s premier bourse nosedived due to heavy selling pressure among panicked investors as word spread about the imposition of higher capital gains tax, International Leasing Securities Ltd said in its daily market review.

Moreover, political and economic uncertainties looming ahead of the national election intensified the decline of market indices, it added.

Tax analysts say the draft Income Tax Act 2023 would supersede all other acts if contradicted on any issues.

Among the sectors, textile rose 0.4 per cent and engineering advanced 0.3 per cent whereas travel dropped 3.6 per cent, jute fell 3.5 per cent and general insurance lost 2.7 per cent.

Investors’ attention was mostly centred on the life insurance (16.3 per cent), IT (13.4 per cent) and fuel and power (12.7 per cent) sectors.

Of the securities traded, 25 advanced, 157 declined and 182 did not show any price movement.

Trust Islami Life Insurance made the highest gains with an increase of

9.9 per cent.

National Tea Company, Meghna Life Insurance Co, Rupali Life Insurance Company and Alif Industries were among the top gainers as well.

Mir Akhter Hossain Ltd was the biggest loser, shedding 10 per cent.

Simtex Industries, Meghna Pet Industries, Agni Systems, and Agrani Insurance were also on the list of significant losers.

Associated Oxygen was the most traded stock with issues worth Tk 52 crore having been transacted.

Intraco Refueling Station, Meghna Life Insurance, Rangpur Dairy & Food Products, and Bangladesh Shipping Corporation also saw significant turnover.

The Caspi, the all-share price index of the Chittagong Stock Exchange, plummeted 109 points, or 0.58 per cent, to close at 18,667 points.

Of the issues traded, 31 rose, 108 retreated and 92 did not see any price swing.

However, turnover of the port city bourse edged down 19 per cent to Tk 18.49 crore from the previous day.



- RMG export earnings in Jan-Mar of FY23: **\$12.25bn**
- Share of woven garment: **45.45%**
- Share of knitwear: **46.75%**
- **74%** of RMG shipments went to **9** countries in Jan-Mar
- Main destinations: US, Germany, UK, Spain, France, Italy, Netherlands, Canada and Belgium
- RMG export in Jul-Mar of FY23: **\$35.25bn**
- Total RMG export in FY22: **\$42.61bn**
- RMG's contribution to GDP in FY22: **9.25%**

Some challenges ahead for garment sector: BB

STAR BUSINESS REPORT

The garment sector may face some challenges in the days ahead due to persistent global trade tensions and economic slowdowns in export destinations, according to Bangladesh Bank.

Garment exports maintained decent growth during the outgoing fiscal year of 2022-23, as per the central bank's quarterly review of the sector for January-March 2023 released yesterday.

Bangladesh earned \$12,255.75 million from garment exports in the January-March period of 2023, which was 0.77 per cent higher than the commerce ministry's target for the quarter and 6.32 per cent higher than that in the corresponding period of the previous year.

However, this was 3.67 per cent lower than that of the previous quarter owing

to sluggish growth of the world economy. Bangladesh's overall garment export earnings stood at \$42,613.15 million in fiscal year 2021-22, which was 35.47 per cent higher than that in the previous fiscal year.

In fiscal year 2021-22, the sector contributed 9.25 per cent of the gross domestic product (GDP).

Woven garments and knitwear contributed 40.10 per cent and 44.95 per cent respectively of the total garment export earnings during the quarter under review.

The main destinations of Bangladesh's garment exports are the US, UK, Netherlands, Germany, Spain, France, Italy, Canada and Belgium.

During the quarter, total export earnings from these nine countries stood at \$9,123.67 million.

Of this amount, 92.20 per cent, or

\$8,412.46 million, was earned from garment exports (woven 45.45 per cent and knitwear 46.75 per cent).

However, the earnings were a decrease of 6.74 per cent and 0.11 per cent compared to that of the previous quarter and that of the corresponding quarter of the preceding fiscal year respectively.

The garment sector of Bangladesh was making a fairly good turnaround in the post Covid-19 period.

However, the start of the Russian-Ukraine war in late February of last year and its resultant supply chain disruptions, high global inflation and tight monetary policy of the Federal Reserve have created some challenges in recent months.

"However, to face different corresponding challenges and to accelerate the export growth of RMG, we should focus on inter-apparel diversification, increase

efficiency and product innovation," the review said.

At the same time, Bangladesh should prioritise exploring new global markets. Moreover, emphasis should be given on skills development of the garment workers for facing potential challenges and harnessing available benefits of this sector, it said.

The government and Bangladesh Bank have taken a number of measures, especially for facilitating production and export of the garment sector.

For instance, the central bank has formed a refinance fund worth Tk 50 billion, from which entrepreneurs can take loans through banks at 6 per cent interest rate, said the review.

Bangladesh Bank has expanded the tenure of loan facilities for entrepreneurs from 1 year to 3 years under this refinance scheme, it added.

Monzurur Rahman re-elected Pubali Bank chairman

STAR BUSINESS DESK



Monzurur Rahman has been re-elected as chairman of Pubali Bank Limited.

Rahman has 56 years' experience in banking, insurance and tea business, said a press release.

He is the chairman of Rema Tea Company Limited.

He was an independent director of LafargeHolcim Bangladesh Limited and an

elected member of the executive committee of the Bangladesh Association of Publicly Listed Companies.

Rahman is a graduate from Calcutta University.

Smart Bangladesh Summit and Expo from Friday

STAR BUSINESS REPORT

A two-day "Smart Bangladesh Summit and Expo" will begin at the International Convention City Bashundhara on Friday to showcase the latest technology and share knowledge about current digital advancements.

JCI Bangladesh, a leading youth leadership development organisation, is organising the expo in association with a2i (Aspire to Innovate) of the ICT Division.

There will be a total of six special sessions at the event, where experts and speakers from the country and beyond will be present.

The invited guests and panellists will highlight every possible aspect of "Smart Bangladesh" through the exchange of their experiences, knowledge and opinions, according to a statement.

Apart from this, the Smart Expo will display all the latest technological advancements for visitors.

A Futuristic Expo will be organised based on what Smart Bangladesh will look like in the future.

A press conference was held in Dhaka to announce the details of the summit and expo yesterday.

Euro zone consumers hopeful on inflation

REUTERS, Frankfurt

Euro zone consumers lowered their inflation expectations, a fresh European Central Bank survey showed on Tuesday, a relief for policymakers after an unexpected surge a month earlier, even if underlying price growth is still likely to be stubborn.

The ECB has raised interest rates by a combined 375 basis points over the past year to arrest runaway price growth and it could still take until 2025 for inflation to slow back to its 2 per cent target as rapid wage growth and robust demand for services keep pressure on prices.

HSBC, KGDCL in deal over bill collection

STAR BUSINESS DESK

The Hongkong and Shanghai Banking Corporation Limited and Karnaphuli Gas Distribution Company Limited (KGDCL) in Chattogram, Bangladesh have recently signed an agreement over bill collection solutions for the latter's consumers.

Gerard Haughey, country head of wholesale banking at HSBC Bangladesh, and Md Rafiqul Islam, managing director of the gas company, signed the agreement at the latter's head office in the port city, said a press release.

The solution will improve visibility and control over industrial and commercial customers' gas bills.



Gerard Haughey, country head of wholesale banking at HSBC Bangladesh, and Md Rafiqul Islam, managing director of Karnaphuli Gas Distribution Company, exchanged signed documents of an agreement on bill collection solutions at the latter's head office in Chattogram recently.

PHOTO: HSBC BANGLADESH

Banks told to clear

FROM PAGE B1

ongoing US dollar shortage was the reason for their inability to repay the amount, he said the seven banks were capable enough to repay the amount given their financial health.

As such, he hoped the banks would settle their dues soon.

Bashar then said local banks had made payments to the tune of \$402.18 million to foreign airlines from January till now.

On June 4, the International Air Transport Association (IATA), a trade association of some 300 airlines or 83 per cent of the total air traffic, said Bangladesh was the second worst in the world in terms of blocking funds of carriers after Nigeria.

Bangladesh is withholding \$214 million of airlines' funds, it said, warning that this could result in carriers not serving Bangladesh.

"Airlines cannot continue to offer services in markets where they are unable to repatriate the revenues arising from their commercial

activities in those markets," said Willie Walsh, director general of the IATA.

The IATA said the global aviation industry's blocked funds increased by 47 per cent to \$2.27 billion in April 2023 from \$1.55 billion in April 2022.

The top five countries account for 68 per cent of the blocked funds with Nigeria owing \$812.2 million, Bangladesh \$214.1 million, Algeria \$196.3 million, Pakistan \$188.2 million, and Lebanon \$141.2 million. Turkish Airlines used to fly to Dhaka twice a day but it has been operating one flight a day for a year now since it cannot repatriate \$24 million it earned here from ticket sales and by moving freight.

Officials of the carrier said they have reduced selling tickets in Dhaka and are urging flyers to buy tickets online and outside Bangladesh.

A senior official of Turkish Airlines said they have been forced to reduce the number of flights from Dhaka to

minimise losses.

"From Bangladesh, we are not selling tickets of low fares. We are selling these tickets online from outside Bangladesh or through our agents. We are discouraging Bangladeshis from buying tickets from Dhaka as it will be expensive," the official added.

Enamul Huque, managing director & head of client coverage, corporate, commercial & institutional banking at Standard Chartered Bangladesh (SCB), said in 2023, SCB has already supported the repatriation of a substantial part of the remittable amount in the airlines sector, given its higher market share in the industry.

"The total amount remitted till date is multiple times greater than the current outstanding. We are hoping to make further remittances following Bangladesh Foreign Exchange Dealers' Association guidelines, as soon as the foreign currency becomes available," he said.

Lay's starts producing potato chips

FROM PAGE B1

in the booming potato chips market, bringing a delightful snacking experience to consumers, it said.

Lay's has set a target of procuring 10,000 tonnes of high quality chip-grade potatoes for its plant, thanks to ties with more than 1,200 local farmers with a reliable market through a buy-back arrangement.

"Upskilling the value chain to strive for quality as a differentiator will be key to PepsiCo's potato volume ramp-up journey. This state-of-the-art facility will also serve as a hub of employment, creating a multitude of direct and indirect job opportunities," said PepsiCo in the statement.

"The positive impact of this plant reaches far beyond its walls, as it will foster a ripple effect throughout the entire go-to-market structure."

Highlighting the plant's goals and commitment to Bangladesh, Pranav Mehta, country manager of foods at PepsiCo, said, "Lay's is a globally loved brand known to create magical moments of togetherness."

"The response for Lay's has been no different in Bangladesh and this encouraged us to launch 'Lay's Make In Bangladesh' initiative with our

trusted partner, Transcom."

The initiative will not only bring joy to millions of consumers who can enjoy Lay's products made right here in Bangladesh but also instil a sense of pride among farmers and the entire workforce who will witness their hard work transform into delicious and globally recognised snacks starting at an affordable price of Tk 10, reaching a larger audience, Mehta said.

"The plant embodies our vision for a brighter future, where we actively contribute to the growth and prosperity of Bangladesh through a sustainable agriculture business model."

Talking about the initiative, Ahmed ElSheikh said, "The plant stands as a shining example of Lay's commitment to local empowerment, community development, and long-term partnerships in pursuit of a brighter future."

"As we unfold this new chapter with Transcom, our partnership will further ensure the region's strong growth and prosperity. We are proud of this historic milestone in Bangladesh where PepsiCo will be able to engage and work closely with a strong farming community."

"We are optimistic that the latest technology and know-how around potato cultivation will help the farmers and local communities flourish hand in hand."

Talking on the sidelines of the launch, Simeen Rahman said, "We have been a trusted partner for PepsiCo in the region for over two decades and are proud to stand by them in yet another milestone in their journey in Bangladesh."

"Today is a historic day for the people of Bangladesh as Lay's, a globally loved brand, will now be locally produced. This will usher in a new opportunity of enhancing income avenues for farmers, agro firms, transporters, cold storages and contractual workforce, bolstering the entire ecosystem and driving economic growth in the region."

"We are confident that PepsiCo's commitment to the market will reciprocate with accelerated growth for the company and brand Lay's."

Lay's chips will be available in four flavours, namely "American Style Cream and Onion", "Spanish Tomato Tango", "Classic Salted", and "Thai Style Spicy Chicken" in Tk 10, Tk 15, Tk 25, Tk 50, and Tk 75 packs.

Observers appointed

FROM PAGE B1

"The four life insurance companies are not in good shape, so they are unable to settle many policyholders' claims. As a result, customers' interests are not being protected," Idra Chairman Mohammad Jainul Bari told The Daily Star.

"Observers have been appointed so that the companies can overcome their current predicaments. The main goal is to bring good governance to the companies."

The four companies were under observation, which resulted in the appointment of the observers, said Jahangir Alam, a spokesperson of the Idra.

The Idra has the authority to settle claims by seizing and selling properties of errant companies, said Md Main Uddin, a professor in the banking and insurance department at the University of Dhaka.

"If needed, the Idra can sell the personal properties of board members to clear customer's debt. However, how much of this can be implemented in the context of Bangladesh remains to be seen."

The Daily Star called and sent SMS to top officials of the four companies. Only one responded.

"I joined the company in October 2020. I came and saw that there are many claim settlements

pending," said Amzad Hossain Khan Chowdhury, chief executive officer of Golden Life Insurance, yesterday.

"We don't have cash. But we have assets. Now about Tk 24 crore worth claim settlements are pending."

Some of the top officials of the Idra knew about the problems of the companies, said the CEO of an insurance company on condition of anonymity.

"When observers were required, they were not appointed. How will the companies settle the insurance claims since they don't have the money? And now what will the observers do?" he asked.

Sonali Aansh's profit plummets 83% in Q3

STAR BUSINESS REPORT

Sonali Aansh Industries Limited posted an 83 per cent year-on-year decline in profit in the third quarter of the current financial year.

The company made a profit of Tk 16.27 lakh in January-March of 2022-23 against Tk 96.55 lakh during the same quarter of 2021-22. Thus, the earnings per share slipped to Tk 0.30 from Tk 1.78 a year ago, according to the unaudited financial statements.

The EPS decreased due to a fall in export turnover, said Sonali Aansh in a post on the Dhaka Stock Exchange.

The profit stood at Tk 71.59 lakh in July-March of FY23 compared to Tk 1.65 crore during the identical nine-month period of the previous financial year, a year-on-year decrease of nearly 57 per cent. The EPS dropped to Tk 1.32 from Tk 3.05 a year ago.

The net operating cash flow per share plummeted to Tk 12.51 in July-March of FY23 against Tk 18.80 in FY22, owing to the enhancement of shares, the company said.

The company provided a 100 per cent bonus share in FY22.

The net asset value per share dipped to Tk 115.61 on March 31 this year from Tk 228.71 on March 31 last year.

Shares of Sonali Aansh were down 2.96 per cent to Tk 439.20 on the DSE yesterday.

Oil sinks after Saudi-driven rally

AFP, London

Oil prices sank Tuesday as dealers mulled the weak demand outlook after having rallied the previous day on output cuts from key crude producer Saudi Arabia.

Europe's Brent oil contract and US counterpart WTI crude fell more than two percent, one day after bouncing on news that Riyadh slashed daily output by one million barrels for July in a bid to prop up prices.

The announcement came at a weekend meeting of the 23-nation Opec+ oil producers' alliance, which also agreed to continue its current production cuts until the end of next year.

"Oil prices are under pressure... as the glow from Saudi's supply cut fades and the reality of the sluggish demand backdrop sets in," noted Victoria Scholar, head of investment at trading firm Interactive Investor.



Workers unload sand from vessels in the capital's Gabtoli, getting paid Tk 2 for every basket they carry to create a pile some 100 feet away. Working throughout the day, they can earn around Tk 500. The photo was taken yesterday.

PHOTO: PALASH KHAN

Gap between inflation, wage growth hits 9-month high

MD ASADUZ ZAMAN

The gap between inflation and the wage rate growth in Bangladesh rose to a nine-month high in May, deepening the cost-of-living crisis for the poor and the low-income groups as consumer prices continue to outpace real incomes.

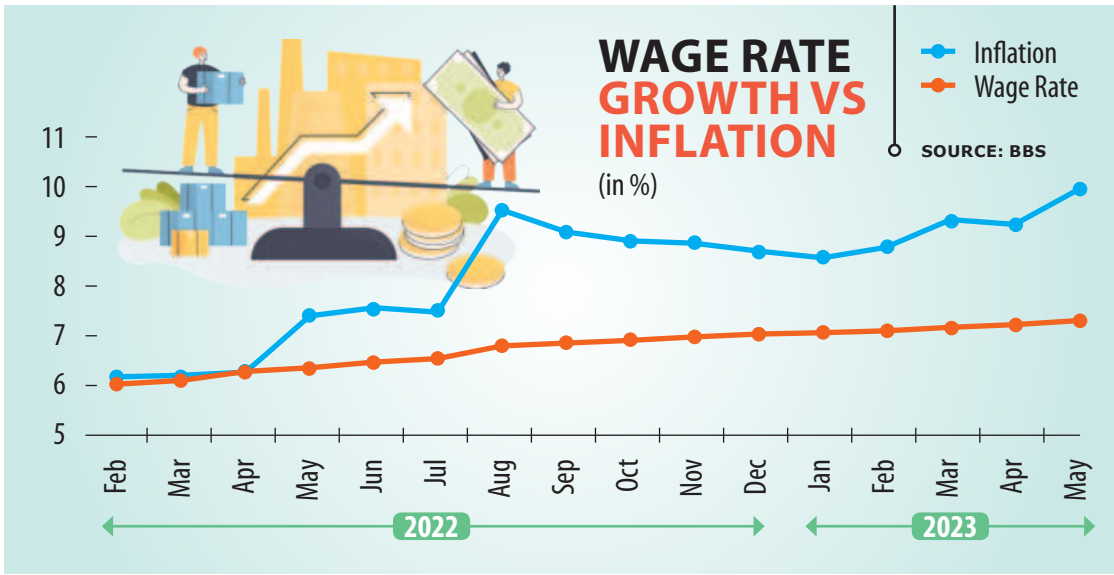
Last month, the wages of low and unskilled workers grew 7.32 per cent, which was 2.62 percentage points lower than the inflation rate of 9.94 per cent recorded in the month, data from the Bangladesh Bureau of Statistics (BBS) showed.

The Wage Rate Index (WRI) of the BBS that takes into account the wages of workers across 44 occupations in agriculture, industry and services rose 7.23 per cent in April against a 9.24 per cent spike in the Consumer Price Index.

Although the wage growth has been slowly climbing since July last year, it has lagged the inflation rate for the 16th consecutive month.

Inflation in Bangladesh has been running high for more than a year after the outbreak of the Russia-Ukraine war exacerbated the disruptions in the global supply chain already broken by the coronavirus pandemic and brought about a global energy crisis.

At home, the surge in import bills, the energy shortage, the US dollar crisis, and market imperfections also contributed to the escalated level of



consumer prices.

Rizwanul Islam, an economist and a former special adviser for the employment sector at the International Labour Office in Geneva, said real wages have been falling for almost a year and the rate of decline has quickened in recent months.

"The issue can no longer be taken as a transitory phenomenon, and some urgent action is required to protect the living conditions of the poor and low-income groups."

He said there is an institutional mechanism for reviewing and revising wage rates, but that is a time-consuming process.

"Rather than waiting for the process to be completed, interim arrangements must be made to

tide over this time."

He recommended the private sector be encouraged to provide an interim allowance that may later be incorporated into the wage negotiations and agreements.

"Supply of essential consumer goods at fixed prices must be augmented and the sales through the Trading Corporation of Bangladesh must be made smoother and more efficient."

Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem), said as the wage rate growth has remained below inflation for a long, it has led to the erosion of real income for lower-income groups.

The reduction in the buying

capacity is hitting hard those who have no other source of income and only depend on wages, he said.

Inflation averaged 8.95 per cent in May, way higher than the revised target of 7.5 per cent for the financial year ending on June 30. The government has targeted to bring the annual average inflation to around 6 per cent in the next financial year.

Prof Raihan termed the government's inflationary target as absurd.

"And unfortunately, the government did not say in the budget how it would tackle higher inflation."

He warned that if the government does not ensure

READ MORE ON B2

DSE calls for policy support

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) yesterday placed a six-point demand related to taxes for consideration in the proposed national budget for the fiscal year of 2023-24.

The demands are reducing the corporate tax gap between listed and non-listed companies, waiving the tax on the income from bonds, considering source tax on dividends as the final tax, and lowering the taxes faced by stockbrokers.

The DSE also called for reducing the tax burden for the listed small and medium enterprises and cutting the value-added tax for all listed companies to 10 per cent from 15 per cent.

The demands came at a press briefing organised by the DSE at the FARS Hotel & Resorts in Dhaka. At the briefing, the bourse shared its reaction about the proposed budget.

"Although the proposed budget did not talk about the capital market, it is a good thing that at least no new taxes were proposed," said Prof Haifz Md Hasan Babu, chairman of the DSE.

"We are hopeful that the government will consider our demands for the sake of the betterment of the capital market."

Babu went on to say that as general investors are suffering from a confidence crisis and incurring losses, they look forward to getting any policy support that could help the market indices bounce back.

The stock market was hit hard by the Covid-19 pandemic and the ongoing Russia-Ukraine war but it is now bouncing back.

"Still, some policy support is needed for the market to return to the pre-crisis level," he said.

Prof Abdullah Al Mahmud and Rubaba Dowla, directors of the DSE, were also present at the event.

228 ISPs have licences revoked

STAR BUSINESS REPORT

The Bangladesh Telecommunication Regulatory Commission (BTRC) recently cancelled the licences of 228 internet service providers (ISPs) for failing to convert their licences in accordance with guidelines.

According to the regulatory and licensing guidelines for ISPs in Bangladesh published in December 2020, existing ISP licensees had to convert their licences to four new categories by December 2021.

As per BTRC documents, those 228 licensees broke the telecom act by not converting their licences.

Of the ISPs, four were nationwide licence holders, 38 were zonal and the rest were of A, B and C categories.

The BTRC directed the cancelled licensees to surrender their licences to the commission in 10 days.

The regulator declared all activities of these ISPs fully illegal and punishable under the Bangladesh Telecommunication Act 2001.

The telecom regulator also warned everyone concerned not to enter any deal or carryout any financial transactions with these ISPs.

Rupee inches up

REUTERS, Mumbai

The Indian rupee was trading marginally higher on Tuesday after a pullback in the US dollar, while traders awaited the Reserve Bank of India's policy decision.

The rupee quoted at 82.6125 to the US dollar by 11:08 am IST, up from 82.67 in the previous session. The USD/INR pair is unable to build momentum on either side. After having dropped from near 82.80 to 82.30, the pair managed to recover on Monday.

"USD/INR lacks a clear direction and exhibits minimal discernible patterns," said Anindya Banerjee, head of research for foreign exchange and interest rates at Kotak Securities.

Black Sea grain deal could hinge on ammonia pipeline

REUTERS, United Nations

A possible extension next month of a deal allowing the safe wartime export of grains and fertilisers from three Ukrainian Black Sea ports could hinge on the reopening of a pipeline that delivers Russian ammonia to one of those Ukrainian ports.

The United Nations and Turkey brokered the Black Sea Grain Initiative for an initial 120 days last July to help tackle a global food crisis worsened by Moscow's invasion of Ukraine, one of the world's leading grain exporters. It has been extended three times since, most recently until July 17.

More than 31 million tonnes of mostly corn and wheat have been exported by Ukraine under the deal. The Black Sea Grain Initiative also allows for the safe export of ammonia - a key ingredient in nitrate fertiliser - but none has been shipped.

To convince Russia to agree to the Black Sea Grain Initiative, a three-year pact was also struck last July in which the United Nations agreed to help Moscow overcome any obstacles to its own food and fertiliser shipments.

While Russian exports of food and fertiliser are not subject to Western sanctions imposed after the February 2022 invasion of Ukraine, Moscow says restrictions on payments, logistics and insurance have amounted to a barrier to shipments.

A pipeline used by Russia to pump up to 2.5 million tonnes of ammonia annually for global export to Ukraine's Pivdennyi port on the Black Sea from Togliatti on the Volga River in western Russia has been shut down since Moscow's invasion of Ukraine.



Commercial vessels including vessels which are part of Black Sea grain deal wait to pass the Bosphorus strait off the shores of Yenikapi during a misty morning in Istanbul, Turkey on October 31, 2022.

PHOTO: REUTERS/FILE

Malaysia's end-May palm oil stocks seen rising

REUTERS, Kuala Lumpur

Malaysia's palm oil inventories at the end of May are expected to rise as production swells to its highest so far this year while exports remain flat, a Reuters survey showed on Tuesday.

Stockpiles are forecast to rise 6.8 per cent from April to 1.6 million tonnes, snapping a three-month decline, according to the median estimate of nine traders and analysts polled by Reuters.

That is about 5 per cent higher than a year ago.

Production in the world's second-largest producer is seen rocketing 21 per cent to 1.45 million tonnes, the highest level since December.

Supportive weather conditions, more harvesting days and an improvement in yields compared to the previous month helped the surge in production, said Nagaraj Meda, managing director at TransGraph Consulting.