DHAKA WEDNESDAY JUNE 21, 2023, ASHAR 7, 1430 BS ● starbusiness@thedailystar.net

Star BUSINESS

BB brings back relaxed loan repayment facility

STAR BUSINESS REPORT

The Bangladesh Bank yesterday reintroduced its relaxed loan repayment facility to support borrowers struggling to pay back amid lingering crisis at home and abroad.

Bankers, however, say that the central bank has taken the initiative to bring down defaulted loans artificially. But this will eventually worsen the financial health of the banking sector in the long run.

They argue that although similar concessions were extended between 2020 and 2022, the level of non-performing loans (NPLs) has not gone down.

In a notice yesterday, the central bank said borrowers are facing difficulty to pay back full installments as the price of raw materials and other inputs has gone up in the global markets while the transport cost has surged due to the prolonged war between Russia and Ukraine.

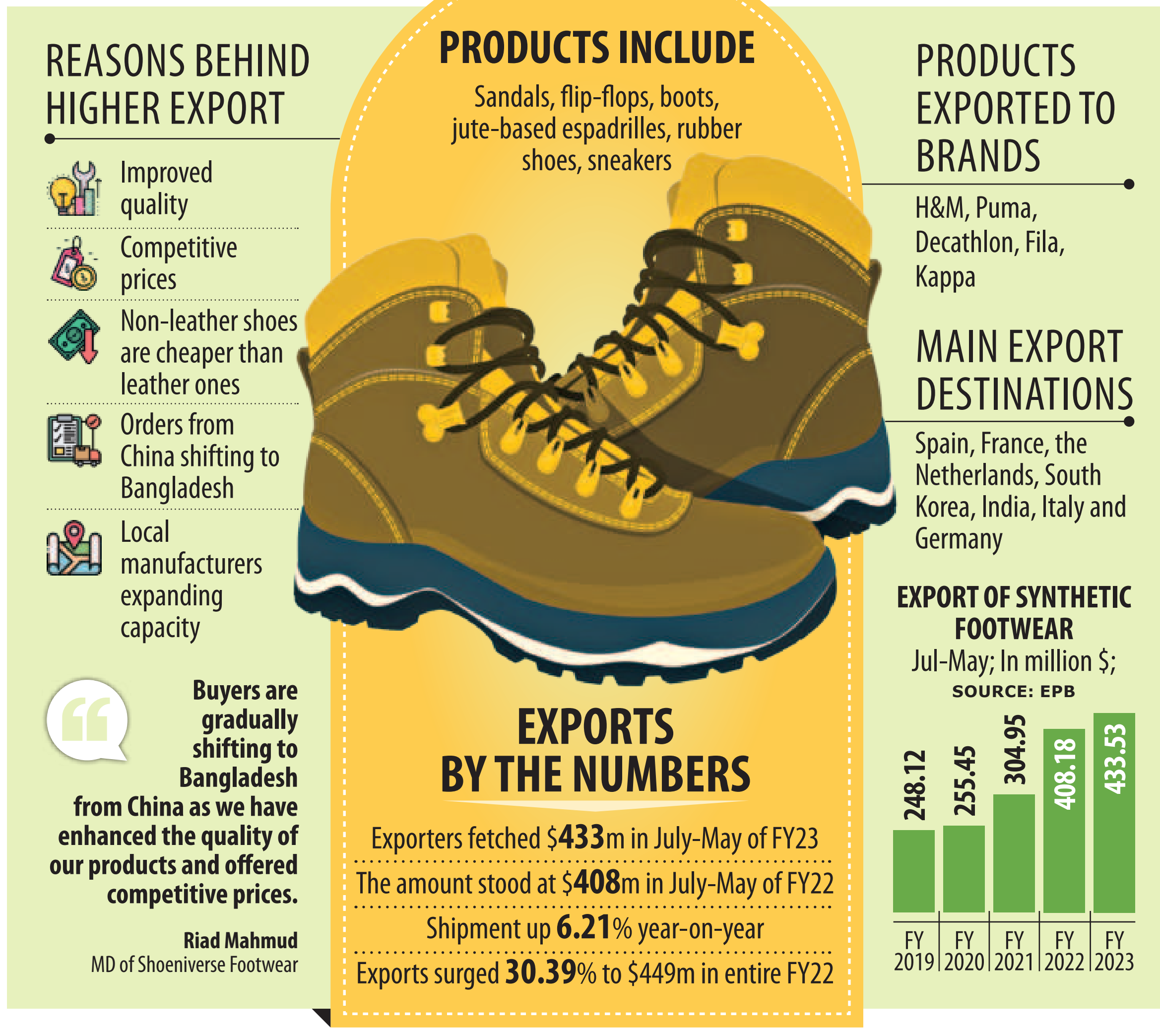
As per the new rule, borrowers with unclassified term loans will be allowed to repay 50 per cent of their installments payable for the April-June period of 2023.

The loans that carry a repayment period of more than one year are termed term loans. The new rule will also be applicable to short-term farm loans and microloans disbursed by banks.

The amount of the installments that will not be cleared in the second quarter of 2023 will have to be paid back within three months after the end of the loan repayment period.

Banks will not be allowed to impose any penal interest or any other fees for providing the relaxed facility, said the BB, adding that rescheduled loans will also enjoy the latest relaxed facility.

The move from the BB came after some business chambers, including the Federation of Bangladesh Chambers of Commerce and Industry, and the Bangladesh Garment Manufacturers and Exporters Association, recently demanded the central bank relax the loan repayment scope, said a central banker. READ MORE ON B3



Synthetic footwear exports on a roll

JAGARAN CHAKMA

The shipment of synthetic footwear and sports shoes from Bangladesh grew 6.21 per cent year-on-year in July-May of the outgoing fiscal year thanks to shifting orders from China and the expanding capacity of manufacturers.

Non-leather footwear exporters bagged $433.53 million during the 11-month period of 2022-23, up from $408.18 million a year earlier, data from the Export Promotion Bureau showed.

The receipts built on a 30.39 per cent whopping shipment growth seen in the previous year when manufacturers brought home $449.15 million.

This came although leather footwear exports from Bangladesh posted a declining trend in recent months owing to slower demand.

Sales of leather footwear slipped 4.28 per cent in July-May owing to lower orders from Europe, the main market for Bangladesh, as the cost-of-living crisis persists in the continent because of the lingering energy crisis fuelled by Russia's war in Ukraine.

In 2021-22, leather and non-leather footwear jointly generated $1.21 billion in export earnings, with the non-leather segment accounting for 37 per cent.

Bangladesh supplies synthetic shoes to international buyers and brands such as H&M, Puma, Decathlon, Fila, and Kappa. The main export destinations are Spain, France, the Netherlands, South Korea, India, Italy, and Germany.

The products being sourced from Bangladesh include sandals, flip-flops, boots, jute-based espadrilles, rubber shoes, and sneakers.

According to industry people, consumers across the world are switching to products made from jute, plastics, textile, and polyurethane leather on the back of their growing health consciousness.

Sales of leather footwear slipped 4.28 per cent in July-May owing to lower orders from Europe, the main market for Bangladesh

"Buyers are gradually shifting to Bangladesh from China as we have enhanced the quality of our products and offered competitive prices. This has given a boost to exports," said Riad Mahmud, managing director of Shoeniverse Footwear Ltd.

"Besides, non-leather shoes are comparatively cheaper than leather ones. Non-leather shoes are also fashionable and comfortable."

He said the capacity of manufacturers in Bangladesh is improving day by day, retaining existing buyers and attracting new ones.

Shoeniverse is a Leed (Leadership in Energy and Environmental Design) certified factory, which points to its high compliance standards.

Currently, the factory produces 1.9 lakh pairs of shoes every day and expects to double the capacity by August. Its export earnings grew 35 per cent on average in the last four years.

Mahmud says apart from the young generation, people from all walks of life use synthetic shoes for jogging and exercises, both indoors and outdoors.

The synthetic shoe segment, he thinks, could be as big as the garment sector, the second largest in the world and the biggest export earner for Bangladesh.

Mahmud's company supplies products to seven global brands in Europe and India. Another eight buyers are currently negotiating with the manufacturer to source sports shoes.

Mohammad Shahadat Ullah, executive director of Maf Shoes, another synthetic footwear maker, says the sector is witnessing slower growth in the export market in the outgoing fiscal year compared to a year ago.

Maf Shoes, a concern of TK Group which is a pioneer in the manufacturing of synthetic shoes in Bangladesh, has the capacity to produce 50,000 pairs of shoes a day. It exports more than 1.5 crore pairs of synthetic shoes per year.

READ MORE ON B2

LC margin eased for importers serving SMEs

STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday relaxed rules regarding financing availed by commercial importers to cater to cottage, micro, small and medium enterprises (SMEs), aiming to accelerate growth of industries and jobs.

Banks will be able to fix the amount of down payment or margin for opening letters of credit (LCs) based on their relation with importers, said the central bank in a circular.

Around a year ago the central bank had imposed a 75 per cent cash margin for opening LCs for the import of machineries, spare parts, textile and chemical raw materials of plastic and packaging items and medical equipment.

Banks will be able to fix the amount of down payment or margin for opening letters of credit (LCs) based on their relation with importers, said the central bank in a circular.

Commercial importers serving the cottage, micro, SMEs were under its purview, which was brought about in an effort to reduce pressure on the country's foreign exchange reserves and contain volatility in the exchange rate of taka against the US dollar.

A senior BB official said the restriction was hampering imports and growth of the enterprises, which play a vital role in industrialisation and job creation.

"So, we have relaxed the rule to facilitate industrial growth. Now, banks based on their relation with clients, will determine the rate of LC margin for commercial importers who import industrial items," he said.

The relaxation can be availed by importers of parts and related materials for uninterruptable power supply or instant power supply, security related items, steel sheets and other goods for construction industries.

Traders importing computers, laptops and their parts, ICT and cyber security related products and spare parts, tyre, tube and other related items will also be able to avail the facility.

STOCKS

DSEX ▼	CASPI ▼
0.19%	0.09%
6,301.79	18,617.94

COMMODITIES

Gold ▼	Oil ▼
$1,949.48 (per ounce)	$71.24 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.25%	▲ 0.05%	▼ 0.65%	▼ 0.47%
63,327.70	33,388.91	3,220.23	3,240.36

National BUDGET FY2023-24

'Extended duty benefit to keep medicine prices in check'

JAGARAN CHAKMA

The proposed budget has provided relief to pharmaceuticals manufacturers and patients as it retained duty-free import benefits for over 100 raw materials used in making life saving cancer, heart disease and diabetes drugs.

"Due to this decision of the government, the price of the medicine will not increase and patients can purchase those at the present price," said Mohammad Ebadul Karim, managing director of Beacon Pharmaceuticals PLC.

"...which will ensure benefit for the drug makers and the family members of the patients," he said during an interview with The Daily Star yesterday on the proposed budget for fiscal year 2023-24.

"I welcome the budget regarding this well-intentioned work of the government as it keeps patient's sufferings in mind due to ongoing inflationary pressure," he said.

If the prices of expensive drugs remain stable while other expenses increase, it would mean that patients with cancer, diabetes and heart disease will not face additional financial strain related to their medication, said Karim.

Any duty would have increased medicine prices, putting additional financial pressure on the family members of the patients, he said.

Being able to retain existing prices will help manufacturers maintain export competitiveness, he said.

"In a scenario where prices of essential cancer drugs remain stable while other expenses rise, it would mean that cancer patients can access their necessary treatments without facing an additional financial burden," he noted.

This stability would alleviate the financial stress on patients and their families, allowing them to focus on their health and well-being, he said.

Affordable access to medication is crucial for cancer patients, as treatment often involves long-term and expensive therapies, said Karim. READ MORE ON B2

Tax break to stay till 2036 for private power producers

SOHEL PARVEZ

The National Board of Revenue (NBR) has extended a tax holiday by 12 years on the income privately-run power plants, except for coal-fired ones, that will start generation of electricity anytime before June 30 next year.

This means the tax exemption can be enjoyed until June 30, 2036, according to an NBR notification issued on June 19.

The tax break is being offered since 2011 to support the government's goal to expand the country's energy production capacity to support the economy, which has been growing annually by around 6 per cent over the last two decades.

Until January 2023, Bangladesh's total installed capacity was of 23,482 megawatts (MW), of which the private sector accounts for 44 per cent, according to Bangladesh Economic Review 2023.

There are another 20 projects of private power producers under construction having a production capacity of 5,047 MW, according to the review.

Construction of a 60-megawatt wind power plant is going on in Khurushkul of Cox's Bazar. The plant has recently started producing power on a trial basis. The photo was taken last month. PHOTO: MOKAMMEL SHUVO

A senior NBR official said the tax department received applications from around 10 private power companies informing that a number of them could not start production before December 31, 2022 to avail an initial tax exemption, which was to run till December 2034.

"Renewable power producers will also be able to avail the benefit," he said.

A number of gas-based private sector power projects could not launch commercial operations for a lack of gas and delay in construction of transmission lines, said Imran Karim, immediate past president of Bangladesh Independent Power Producers' Association (BIPPA).

So, the NBR has extended the benefit, he said.

Foreigners who will work at the power plants will enjoy a tax exemption on their income for three years from the day they begin their service in Bangladesh, said the tax authority.

Private power producers will not need to pay tax on interest on foreign loans, royalties, technical know-how and technical assistance fee and on capital gains from transfer of shares, said the NBR.

However, private producers who will begin commercial operation within June 30, 2025 will not get a full exemption for the period until June 30, 2036.

China cuts interest rates to counter slowdown

AFP, *Beijing*

China's central bank on Tuesday cut two benchmark interest rates, following several similar measures in recent days in a bid to counter the post-Covid growth slowdown in the world's second-largest economy.

Last week, the People's Bank of China (PBoC) lowered two other key rates and pumped billions into financial markets, as fresh data showed the economy continued to struggle.

The policy easing moves are the most significant yet by leaders who are trying to invigorate growth after recent indicators showed a hoped-for strong recovery after years of lockdowns was running out of steam.

China's efforts contrast with those in the United States and other Western countries, which have been forced into a series of interest rate hikes while reducing money supply to tame inflation.

On Tuesday, the one-year Loan Prime Rate, which serves as a benchmark for corporate loans, was reduced from 3.65 per cent to 3.55 per cent, the PBoC said in a statement, while the five-year LPR, which is used to price mortgages, was cut from 4.3 per cent to 4.2 per cent.

Officials last Thursday lowered the medium-term lending facility (MLF) rate -- the interest for one-year loans to financial institutions -- 10 basis points to 2.65 per cent.

The PBoC also said it was offering 237 billion yuan ($33 billion) to banks through the medium-term lending facility "to maintain reasonable and sufficient liquidity in the banking system".

China has released a slew of weak economic indicators in recent weeks, leading to increased calls for stimulus measures.

Youth unemployment rose to a record 20.8 per cent in May, while exports sank for the first time since February, official data shows.

Top economist and government adviser Liu Yuanchun this month called for regulators to cut borrowing costs further to ease the financing burden on small and medium-sized private businesses.

Ali Reza Iftekhar, managing director of Eastern Bank, poses for photographs with high officials of the participating banks and non-bank financial institutions following a meeting organised by the EBL to arrange a syndicated term loan facility for a proposed lithium battery project. Among others, Md Kausar Ameer Ali, managing director of Dhaka Electric Supply Company, Chowdhury Liakat Ali, director of the sustainable finance department of the Bangladesh Bank, A Mannan Khan, chairman of Bangladesh Lithium Battery, Mohammad Jahangir, managing director of Rupali Bank, and Ahmed Ehsanul Karim, managing director of the Saudi Bangladesh Industrial and Agricultural Investment Company, were present. Story on B4 PHOTO: EASTERN BANK

Abdul Hai Sarker, chairman of Dhaka Bank, presides over the bank's 28th annual general meeting which was virtually held on Sunday. Shareholders approved 6 per cent cash and 6 per cent stock dividends for the year that ended on December 31, 2022. Amanullah Sarker, vice-chairman, ATM Hayatuzzaman Khan, founder vice-chairman, Emranul Huq, managing director, and Md Shahjahan Miah, company secretary, along with directors, independent directors and shareholders joined the meeting. PHOTO: DHAKA BANK

Md Nazrul Islam Mazumder, chairman of Exim Bank, presides over the bank's 24th annual general meeting which was virtually held on Monday. Shareholders approved 10 per cent cash dividend for 2022. Among others, Mohammad Feroz Hossain, managing director, Md Humayun Kabir and Shah Md Abdul Bari, additional managing directors, Md Zoshim Uddin Bhuiyan and Maksuda Khanam, deputy managing directors, and Md Monirul Islam, company secretary, joined the meeting. PHOTO: EXIM BANK

Midland Bank launches digital loan

Celebrates 10th anniversary

STAR BUSINESS DESK

Midland Bank Limited yesterday launched MDB Digital Loan and MDB Contactless Cards on the day of its 10-year commercial operations in the banking sector of Bangladesh.

Md Ahsan-uz Zaman, managing director and CEO of the bank, inaugurated the new services at the bank's head office in Dhaka, said a press release.

"We are at the forefront of innovation in services and products and today, we are pleased to announce the introduction of MDB Digital Loan and MDB Contactless Cards," Zaman said while expressing gratitude to clients, shareholders, regulators and staff in the decade-long journey of the bank.

"Our customers will now be able to enjoy loan (SOD-secured over draft only) digitally from anywhere and anytime through MDB mobile app "midland online", he added.

The MDB CEO along with senior management members and divisional heads of the bank cut a cake celebrating the milestone.

Mohammed Abdul Maleque, vice-chairman of First Security Islami Bank, presides over the bank's 24th annual general meeting which was virtually held yesterday. Shareholders approved 10 per cent stock dividend for the year that ended on December 31, 2022. Among others, Mohammad Gias Uddin Talukder, chairman of Shariah Council of the bank, Syed Waseque Md Ali, managing director, and Oli Kamal, company secretary, joined the meeting. PHOTO: FSIBL

Md Ahsan-uz Zaman, managing director of Midland Bank, cuts a cake at the bank's head office in Dhaka yesterday celebrating its 10th founding anniversary. Senior management members and divisional heads of the bank were present. PHOTO: MIDLAND BANK

Paris air show takes off with historic plane order

REUTERS, *Paris*

Airbus announced a record 500-plane deal with Indian airline IndiGo on day one of the Paris Airshow on Monday, as strong demand for jets and air defences vied for attention with the industry's supply chain problems.

The multibillion-dollar deal for single-aisle planes - the largest ever by number of aircraft - confirmed a Reuters report earlier this month, and eclipsed Air India's provisional purchase of 470 Airbus and Boeing jets earlier this year.

The world's largest air show, which alternates with Farnborough in Britain, is at Le Bourget for the first time in four years after the 2021 edition fell victim to the pandemic.

French President Emmanuel Macron flew into the packed aerospace bazaar by helicopter and watched a flying demonstration including Airbus's latest jet development, the A321XLR, and air power including the French Rafale fighter.

On the civilian side, planemakers arrived with growing demand expectations as airlines rush for capacity to meet demand and help reach industry goals of net zero emissions by 2050.

But they also face a challenge to meet that demand as suppliers struggle with rising costs, parts shortages and a scarcity of skilled labour in the wake of the pandemic.

Industry executives say as many as 2,000 jet orders are up for grabs worldwide in a resurgent commercial jet market, on top of those provisionally announced already, as airlines try to fill a void left by sharp falls in activity in the Covid crisis.

But only a portion of these potential fresh deals will be ready in time for this week's air show, which could see a mixture of new and repeat announcements, they said.

A Eurodrone, a European medium altitude long endurance remotely piloted aircraft system, is on display at the International Paris Air Show yesterday. PHOTO: AFP

Bangladesh can be

FROM PAGE B4

The report said Bangladesh's export basket primarily comprises readymade garments and textiles. The efforts to diversify the export basket by promoting other manufacturing industries and ICT have been pushed by the government as dependence on one export product makes the economy vulnerable.

The manufacturing sector constitutes 35 per cent of the foreign investment and the government has put thrust on light engineering, agro-processing and ICT.

The PwC report said the incremental growth of the economy will be beneficial for the country in terms of its global economic standing. Investment in higher education, training, and healthcare from both public and private sectors will rise as a result of the country's graduation to a developing nation in 2026.

The construction of a new terminal at the Hazrat Shahjalal International Airport will aid in attracting more international players and investors, enabling competitive trade across borders.

"Besides, the sovereign rating is also expected to lower risk premiums while making investments in debt and equity-based instruments," said the report.

It said Bangladesh has until 2027 to build the necessary infrastructure to remain competitive following the withdrawal of duty-free and quota-free market access after the country graduates from the group of least-developed countries.

The country has undertaken policy reforms and is pursuing bilateral and multilateral trade agreements to develop its capacity to compete in the global market, the PwC study added.

Foreigners biggest buyers of Asian bonds

REUTERS

Asian bonds attracted their highest monthly foreign inflows in about two years in May, boosted by hopes of less aggressive monetary tightening measures from the US Federal Reserve.

Foreigners purchased a net $10.1 billion worth of bonds in India, Indonesia, Malaysia, South Korea and Thailand, marking their biggest monthly purchases since June 2021, data from regulatory authorities and bond market association showed.

"Asia ex-China (bonds) could benefit as the Fed approaches the end of its tightening cycle, notwithstanding residual uncertainty on the terminal rate," said Fiona Lim, senior fx strategist at Maybank.

"This is especially in light of an arguably resilient macro backdrop where services sectors continue to hold up in most countries."

While the Federal Reserve maintained interest rates without change, deviating from 10 consecutive rate hikes, it indicated the likelihood of two small rate hikes by year-end to address inflation concerns.

Analysts also noted that investors were encouraged by signs that regional economies had reached their peak inflation levels, leading to anticipated interest rate cuts by central banks to stimulate economic growth.

South Korean bonds attracted net purchases of $8.2 billion, the highest since June 2021.

Extended duty benefit

FROM PAGE B1

He suggested that the government consider reducing or eliminating duties and taxes on essential medicines like cancer, heart disease and diabetes at least until 2030, making them more affordable for the general population.

The revenue authority has been offering the concessionary duty benefit on the import of ingredients of cancer drugs since 2015 in order to encourage domestic production and reduce the cost of medicines.

It expanded the list of ingredients in 2021 and the latest continuation of exemptions came in the proposed budgetary measures placed by Finance Minister AHM Mustafa Kamal for the next fiscal year of 2023-24.

In 2021, the government extended a preferential import duty and VAT benefit within the price and quantity limits specified by the Directorate General of Drug Administration.

According to a World Health Organization report, there are around 15 lakh cancer patients in Bangladesh, with 150,000 dying each year. Every year two lakh people are diagnosed with cancer.

The Global Cancer Observatory estimates that 109,000 people died of cancer in Bangladesh in 2020. It was 108,137 in 2018 and 91,300 in 2012.

According to an Evercare Hospital Dhaka analysis, chances of dying from heart disease has gone up to about 14.31 per cent in Bangladesh in the last 10 years.

According to International Diabetes Federation estimates for 2021, there were approximately 8.4 million adults aged 20-79 years living with diabetes in Bangladesh.

Local cancer drug sales amounted to about Tk 800 crore last year and the demand is growing by 15 per cent on an average annually, industry people say.

Around six local companies manufacture 99 per cent of the oncology drugs consumed by patients but some people still prefer imported drugs, according to a manufacturer.

Export of oncology products began in 2015 and now reach at least 140 countries.

Synthetic footwear exports

FROM PAGE B1

Bangladesh has improved the quality and design of synthetic footwear by investing in technologies and its products meet international standards, said Dilip Kajuri, chief financial officer of Apex Footwear Limited.

He, however, said the export scenario has changed from the second half of FY23 as orders have slowed amid persisting uncertainty in the western markets.

He said his company had been doing good business with a French sporting goods retailer by supplying non-leather footwear items.

The company has, however, stopped placing fresh orders as its distributors are not keen to take more products fearing inventories might pile up amid demand slowdown, he said.

"On the other hand, our costs have increased significantly. We can't cover the cost of production with the price we are being offered."

Exporters such as synthetic footwear manufacturers get a cash incentive of 4 per cent from the government on their export earnings.

Shoeniverse's Mahmud suggests large corporates invest in the sector as it does not require a huge amount of funds to set up an export-oriented factory.

"We also need to create skilled workers."

Agribusiness bears highest potential among emerging sectors

Highlights Bida to Dutch investor delegation, says local sales to triple to $8b by 2025

STAR BUSINESS REPORT

Agribusiness in Bangladesh, including food processing and associated machinery production, has the highest potential among eight emerging sectors, with domestic market sales estimated to reach $8 billion by 2025, according to Bangladesh Investment Development Authority (Bida).

"In 2021, the country's domestic market size was $3.2 billion and it is expected to be $8 billion by 2025," said Shah Mohammad Mahboob, director general of an International Investment Promotion wing of Bida.

The immense potential of agribusiness is in the manufacture of processed foods, vegetable or fruit products, milk, dairy products, edible oil etc, he said.

"The manufacturing of agricultural tools and machinery as well as the upgrading of cold chain facilities also have potential," he said.

Agricultural export from Bangladesh has grown 18 per cent over the last five years, he added.

The apex investment promotion agency's official shared the statistics with a trade delegation of the Netherlands which arrived on a three-day visit yesterday to promote bilateral cooperation in the dairy and horticulture sectors.

The immense potential of agribusiness is in the manufacture of processed foods, vegetable or fruit products, milk, dairy products, edible oil and so on, said an official

The delegation was holding a meeting hosted by the Netherlands embassy in Dhaka with the agriculture ministry and Bida at Amari Dhaka.

The group comprised representatives from nine companies and institutions who are scheduled to hold talks with Bangladeshi businesspeople, entrepreneurs and experts to identify areas of investment and cooperation.

"Bangladesh has now been ranked among the top 10 countries in the world in the production of various crops. There's a lot of potential here," said Agriculture Minister Muhammad Abdur Razzaque at yesterday's meeting.

Bangladesh is now one of the top countries in the production of 22 agricultural products including rice, potatoes, mangoes and vegetables, according to a recent Food and Agriculture Organization report, he said.

"But we are lagging far behind in agricultural processing and in the export of agricultural products," he added.

Bangladesh needs technical cooperation and investment from the Netherlands in four priority sectors of agricultural processing, cold storage and post-harvest management, climate smart agriculture and irrigation management, said Razzaque.

He also acknowledged the contribution of the Netherlands in Bangladesh's development.

"The trade mission will be an important step towards the future of the dairy and horticulture sector in Bangladesh and will open new frontiers in the trade relationship," he said.

Bida's one stop service centre and other services aim to meet the needs of foreign investors, said Lokman Hossain Miah, executive chairman of Bida.

"If you invest in Bangladesh, we are ready to give special incentives to you," he said.

The private sector's innovation and entrepreneurship help develop a country's agriculture, said Frederik Vossenaar, special envoy of the Ministry of Agriculture, Nature and Food Quality in the Netherlands.

"Last year we have exported around €125 billion agricultural products, including €1.8 billion tomatoes," he said.

Bangladesh also has a great opportunity in the agriculture sector, he said.

There are some challenges too for Bangladesh, pointed out Md Abdus Salam, principal scientific officer of Bangladesh Agricultural Research Council, in a presentation.

These include a decline of cropland, soil fertility, natural resources and groundwater, climate change and a lack of capacity in storage, agro-processing and commercialisation, he said.

Among others, Naser Ezaz Bijoy, president of the Foreign Investors' Chamber of Commerce & Industry (FICCI) and chief executive officer of Standard Chartered Bangladesh, also spoke at the event.

POTENTIAL OF AGRIBUSINESS IN BANGLADESH

TOP RANKING ITEMS IN AGRI AND FOOD PRODUCTION

- Hilsha
- Jackfruit, jute and goat milk
- Vegetables and freshwater fish
- Rice
- Potatoes
- Mangoes and guavas

OVERALL CHALLENGES IN AGRICULTURE

- Food and nutrition security
- Declining crop land
- Land degradation and declining soil fertility
- Climate change and related issues
- Degrading natural resource and depleting ground water
- Storage, agro-processing and commercialisation bottlenecks

DOMESTIC MARKET

- Domestic market size was $3.2b in 2021
- Domestic market size will be $8b by 2025

GLOBAL MARKET

Size was $13.3tr in 2022

HALAL FOOD

Global market size will be $2.4tr by 2025

SOURCE: BIDA AND BARC

No SIM sales for 2 days for NID server outage

MAHMUDUL HASAN

People have not been able to purchase SIMs and related services over the last two days as mobile phone operators have been unable to verify buyer information due to difficulties in accessing the national identification (NID) database server at the Election Commission (EC).

The problem started at around 8:30pm on June 18 and continued until 9:30 pm yesterday when this report was filed.

On June 19, the Association of Mobile Telecom Operators of Bangladesh (AMTOB) sent a letter to the EC requesting to resolve the issue.

Such an outage affected SIM activation, replacement and other biometric verification-related services, said officials of mobile phone operators.

Asked how long it could take to restore the service, Mohammad Ashraf Hussain, system manager (technical) for the NID wing at the EC, said he was unable to provide a specific time.

"If a system goes down, you can't explain it like a story. It could occur at any time. Any system can fail," he said.

"We have 171 partners (those who avail services)... the affected were those who only take biometric verification service," he added.

Some maintenance works are ongoing and many are facing problems in getting access to the server, said AKM Humayun Kabir, director general for the NID wing at the EC, earlier yesterday.

According to technology experts, experiencing such a prolonged outage is improbable and reflects unprofessionalism.

Without official statements from the system's authorities, it remains challenging to speculate on the exact cause of the incident, said Sumon Ahmed Sabir, a top technology expert in the country.

"It is highly unfortunate that a critical service has been inaccessible for an extended period," he said.

"The focus should be on identifying the root cause, examining aspects such as system backups, redundancy, and maintenance, and engaging with the vendor responsible for addressing the issue," he said.

It is very unlikely and unprofessional, he added.

Hyundai raises EV investment to $28b

REUTERS, *Seoul*

Hyundai Motor will raise average annual investment in electrification by nearly two thirds to $28 billion in the next decade and further restructure its struggling China business as part of a broader strategy to boost electric vehicle (EV) sales.

In its annual investor day on Tuesday, the South Korean automaker, the world's No. 3 auto group by sales together with its affiliate Kia, said it also raised its EV sales target to 2 million units by 2030 from 1.87 million.

It would represent around one third of its total vehicle sales, up from 8 per cent expected this year.

Don't increase sugar price now: CAB

STAR BUSINESS REPORT

The Consumers Association of Bangladesh (CAB) has urged the government not to increase sugar price at this moment.

On June 19, Bangladesh Sugar Refiners Association, an organisation of sugar mill owners, requested the Bangladesh Trade and Tariff Commission through a letter to increase the price of sugar by a maximum of Tk 25 per kilogramme with effect from June 22.

The CAB has strongly protested the sugar mill owners' proposal, terming it unreasonable, unfair and goes against the consumers' interest, the association said in a press release yesterday.

Loose sugar is currently being sold in the market at prices higher than rates set by the government, said the non-government and non-profit voluntary organisation.

The government has fixed the retail price of loose sugar at Tk 120 per kg and packaged sugar at Tk 125, but those are sold at Tk 130 to Tk 140 in the market, it added.

The CAB feels the sugar mill owners have made the proposal to make more profit by forcing consumers to buy sugar at higher prices prior to Eid ul-Azha.

Qatar signs 27-year gas supply deal with China

AFP, *Doha*

Qatar announced a second 27-year supply deal with a Chinese company on Tuesday as it expands production from the world's biggest natural gas field.

The agreement, to supply four million tons annually to the China National Petroleum Corporation (CNPC), matches the terms of a November deal with China's Sinopec as the longest ever seen in the industry.

Asian countries led by China, Japan and South Korea are the main market for Qatar's gas, which has been increasingly sought by European countries since Russia's invasion of Ukraine early last year.

"Qatar will supply four million tons annually of natural gas from the North Field East Expansion Project to China over a period of 27 years," Kaabi told a signing ceremony in Doha.

"This will become the second LNG (liquefied natural gas) sale and purchase agreement to China within the North Field East Expansion Project." By expanding activities at North Field, which has the world's biggest natural gas reserves and extends under the Gulf into Iranian territory, Qatar is raising its LNG production by 60 percent plus to 126 million tons a year by 2027.

CNPC signed a separate agreement for a five percent interest in North Field East, the equivalent of one gas-liquefying complex producing eight million tons of LNG a year.

"It lays a solid foundation for the energy cooperation between the two sides in the next three decades," CNPC chairman Dai Houliang said in a statement.

"CNPC will continue to actively discuss with QatarEnergy all-round cooperation across the hydrocarbon industry chain and other areas like green and low carbon energies," he added.

The value of the deals was not announced. Qatar, whose gas riches have made its per-capita gross domestic product among the highest in the world, has struck a series of major agreements surrounding the North Field expansion.

Earlier this month, QatarEnergy agreed a 15-year supply deal with Bangladeshi state firm Petrobangla, and last month it awarded a $10 billion contract to France's Technip Energies and Consolidated Contractors Company for the engineering, procurement and construction of the North Field South project.

In April, Sinopec became the first Asian firm to get a stake in the North Field East expansion, also gaining a five percent stake.

Although much of its gas is sold to Asian countries, in November Qatar announced its first major deal with Germany, selling up to two million tons annually for 15 years.

The talks took several months as Germany resisted the long-term contracts that Qatar normally demands to justify its massive investment.

Russia's invasion of Ukraine increased pressure on the German government to find new sources of supply.

China's youth confront bleak job market

AFP, *Beijing*

Rather than celebrating finishing university, this summer Chinese graduates shared photos of themselves theatrically throwing their degrees into bins, underscoring the bleak outlook as youth unemployment sits at a record high.

The jobless rate could rise even further this summer, analysts warned, providing another headache for the government as it tries to jumpstart the country's sluggish post-Covid economy.

With well-paid jobs few and far between, young people told AFP they were opting to remain in university, while others are scrambling for limited government jobs as opportunities in the private sector dry up.

Sampson Li, who graduated this month with a master's degree in software engineering, was looking for work but has given up to apply for a doctorate instead.

The 24-year-old told AFP he passed three rounds of interviews at a major tech company in Shenzhen, dubbed China's Silicon Valley, before the employer said it had frozen recruitments.

"Three other companies asked me to take a lower pay than the market rate," he said. "I can't survive with that salary in this city."

Data released last Thursday by the National Bureau of Statistics showed May's unemployment rate for people aged 16-24 hit 20.8 per cent, an increase on the previous record of 20.4 per cent hit in April.

Larry Hu, Macquarie Group's chief China economist, warned that the figure could increase further in July when 11.6 million more college graduates start looking for work.

"Corporates are reluctant to hire because of soft consumer demand, while consumers are reluctant to spend because of the weak labour market," he told AFP.

"As a result, policy is the only game changer at this stage."

At a State Council meeting in April, Premier Li Qiang pledged to ensure stable employment opportunities for young people.

"We have to take measures to stabilise the scale of employment in manufacturing and foreign trade enterprises, optimise university curriculums, and improve the quality of vocational education and skills training based on the market demand," Li said.

People are attending a job fair in Beijing.

PHOTO: AFP/FILE

BB brings back

FROM PAGE B1

The central bank followed relaxed loan facilities in various forms between 2020 and 2022 to help businesses overcome serious coronavirus pandemic and then by Russia's war in Ukraine.

No relaxed facilities were in place in the first quarter this year.

The new relaxed facility comes although defaulted loans have kept their upward movement.

Banks witnessed an accumulation of default loans by Tk 10,964 crore in the first three months of 2023.

NPLs stood at Tk 131,621 crore as of March 31, up 9 per cent from three months ago and 16 per cent from a year earlier, data from the BB showed.

The latest NPL figure is the second-highest in the banking sector's history and was just behind the Tk 134,396 crore reported in the July-September quarter of 2022.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says that the relaxed facility may worsen the liquidity pressure in the banking sector as lenders will not get back their funds during the period.

"In addition, good borrowers will feel discouraged to repay their loans."

His concerns were also backed by the central bank's new monetary policy statement unveiled on Sunday.

"The slower growth of deposits in banks, along with the sustained burden of NPLs, has also contributed to the tightening liquidity situation," said the central bank.

"Reducing NPL and assuring good corporate governance in the banking industry through strengthening supervision and monitoring guidelines are crucial for a stable financial system."

Blacksmiths busy inside their little shop, complete with a forge and bellows, at Joragate Mor of Khulna city. With Eid-ul-Azha due to be celebrated at the end of this month, Muslims are preparing the metal tools required for the associated animal slaughter ritual such as breaking and boning knives and meat cleavers. The bigger tools are selling for Tk 500 a kilogramme while smaller ones around Tk 100 to Tk 300. Blacksmiths also provide the service of sharpening dull blades. The photo was taken on Sunday. PHOTO: HABIBUR RAHMAN

NBFIs now get new interest rate setting formula

STAR BUSINESS REPORT

The Bangladesh Bank yesterday introduced a new interest rate-setting method for non-bank financial institutions (NBFIs), a day after it took a similar move for banks.

As per the new formula, the interest rates on deposits and loans will go up from next month when the new monetary policy for 2023-24 comes into effect.

Under the new arrangement, the BB will introduce a market-driven six-month moving average rate of treasury bills known as SMART for all types of NBFI loans, replacing the lending rate cap.

The move aims to enhance competitiveness in the banking sector and foster a favourable lending environment for businesses and individuals.

The central bank will initially set a monthly SMART based on the weighted average rate that would be calculated on the basis of the interest rates of the six-month short-term treasury bills. The benchmark rate will see adjustments every month.

A SMART plus a margin of up to 5 per cent will be applicable for loans extended by NBFIs.

Currently, the interest rate of the six-month T-bill is 7.20 per cent. This means the interest rate on the loans disbursed by NBFIs will be a maximum of 13.20 per cent, up from the 11 per cent ceiling that the BB has maintained since April 2020.

As per the new formula, the interest rates on deposits and loans will go up from next month when the new monetary policy for 2023-24 comes into effect.

As a result, the lending rate on the loans disbursed to cottage, micro, small, and medium enterprises will go up to 13.20 per cent from 11 per cent. Similarly, the interest rate on auto and home loans, which are considered consumer loans, will increase to 13.20 per cent.

CMSME and consumer loans may be subject to an additional fee of up to 1 per cent to cover supervision costs.

Depositors will enjoy a maximum interest rate of 9.2 per cent compared to the existing 7 per cent.

EBL to arrange Tk 332cr loan for lithium battery project

STAR BUSINESS DESK

Eastern Bank Limited (EBL) will arrange a syndicated term loan facility of Tk 332.6 crore for Bangladesh Lithium Battery Limited.

To this end, EBL arranged a bank syndication meeting with the participation of prospective banks and non-bank financial institutions at a hotel in Dhaka recently, said a press release.

EBL is acting as the mandated lead arranger for the loan.

The lithium battery company will use the fund in setting up a lithium battery plant with a capacity of 1 gigawatt.

The plant will create a backward linkage to its concurrent electronic vehicle project and will effectively address the current market demand for lithium batteries.

The project is expected to significantly contribute to sustainable solutions for the energy and transportation sector of the country.

This syndication financing will also facilitate environmentally responsible practices and sustainable development in the industry.

Md Kausar Ameer Ali, managing director of Dhaka Electric Supply Company, Chowdhury Liakat Ali, director of the sustainable finance department of the Bangladesh Bank, A Mannan Khan, chairman of Bangladesh Lithium Battery, and Mir Masud Kabir, managing director, Ali Reza Iftekhar, managing director of Eastern Bank, and Ahmed Shaheen, additional managing director, Mohammad Jahangir, managing director of Rupali Bank, Ahmed Ehsanul Karim, managing director of Saudi Bangladesh Industrial and Agricultural Investment Company, and top management from different bank and non-bank financial institutions were present.

Bangladesh can be the next outsourcing destination: PwC

STAR BUSINESS REPORT

Bangladesh has immense potential to become the next outsourcing destination riding on a higher proportion of the working age population and the government's initiatives aimed at attracting investments, a new study said.

PwC Bangladesh, in its flagship report "Destination Bangladesh", an analysis of the country as an investment destination, said the country is striving to enhance its exports on all fronts of production.

Planning Minister MA Mannan launched the report at an event at the Sheraton Dhaka hotel.

The study covers areas such as entry to Bangladesh's market, funding opportunities, incentives to draw foreign investments, regulations, tax incentives and steps needed to operate businesses.

"Once again, after the pandemic, Bangladesh managed to be an exemplar of resilience in terms of economic recovery," it said.

The economy recorded a 6.9 per cent growth in the fiscal year of 2020-21 and 7.2 per cent in 2021-22.

PwC Bangladesh's report highlights the facilities Bangladesh is providing to woo foreign companies.

The Bangladesh Economic Zones Authority has undertaken an initiative to set up 100 economic zones, in both public and private sectors.

Many of them are already operational and are ready for investments and exports, said PwC.

Bangladesh is also heavily investing in the export sector and has provided 100 per cent tax exemption to IT and IT-enabled service providers up to 2024 and the benefit could be extended up to 2030.

There is a provision of 100 per cent profit repatriation and a 10 per cent cash incentive for IT or ITES exports.

The ICT infrastructure encompasses a plan to develop IT professionals through 35,000 Sheikh Russel Digital Labs, and 39 hi-tech IT parks.

Bangladesh's attractiveness as an outsourcing destination for services continues to grow due to its capable working-age population, which is demonstrated through its improvement in the ranking in AT Kearney's Global Services Location Index 2021 by two places to 35th.

The government is looking to create more than 200,000 direct and 50,000 indirect jobs and earn $5 billion a year in the next decade through outsourcing.

"With a high proportion of university-educated youth under 25 years of age, the outsourcing opportunity is attractive for the growth of the ICT or outsourcing-tech-savvy sector," the report said.

It said the demand for intermediate goods is expected to continue to rise, which may be justified by the government's undertaking of mega infrastructure projects such as Padma Bridge, metro rail and the Bangabandhu Sheikh Mujibur Rahman Tunnel under the Karnaphuli river.

"Significant progress has been made in terms of infrastructure development after the opening of the Padma Bridge."

The Padma Bridge is expected to increase the GDP growth of the southwestern part of the country by 2.5 per cent and the national GDP by 1.23 per cent.

Planning Minister MA Mannan launches the report at an event at the Sheraton Dhaka hotel yesterday. PHOTO: COLLECTED

READ MORE ON B2

Chinese firm to invest $9.5m in Mongla EPZ

STAR BUSINESS REPORT

Chinese company M/s Yuanshun Enterprise Co Ltd will invest $9.49 million to set up a packaging factory in Mongla Export Processing Zone.

The company will produce 10 million pieces of different kinds of boxes for packaging like paper boxes, jewellery boxes, jewellery bag, watch boxes, and gift boxes, according to a press release. On top of that, the investment will generate employment opportunities for 490 Bangladeshi nationals.

The company also signed an agreement with the Bangladesh Export Processing Zones Authority (Bepza) to this effect at Bepza Complex in Dhaka on June 15, it said.

Nat'l logistics panel demands simple policies

STAR BUSINESS REPORT

The National Logistics Development Coordination Committee (NLDCC) yesterday urged the government to simplify the existing policy framework for the logistics sector to achieve national growth target, strengthen capacity in trade and investment for reducing the cost of business.

Bangladesh cannot fall behind while other South and Southeast Asian countries are taking the lead in extending logistics support and already have set out policies and strategies, the NLDCC members said.

They spoke at a meeting with the government officials held at the Prime Minister's Office in Dhaka.

The committee stressed the need for reducing the costs of logistics, setting out plans rightly and acting accordingly so that costs can be reduced gradually, according to a statement from the Business Initiative Leading Development (BUILD), a public private dialogue platform.

Bill placed to define movable assets as collateral

STAR BUSINESS REPORT

The Secure Transactions of (Moveable Assets) Bill 2023 was placed in parliament yesterday aiming to bring movable property under the definition of collateral for bank loans.

Finance Minister AHM Mustafa Kamal placed the bill which was sent to the parliamentary standing committee on the finance ministry for further scrutiny.

The parliamentary watchdog was asked to submit its report before the House within 15 working days.

The new law will bring a broader definition of collateral for bank loans.

As a result, not only immovable property, movable properties such as fixed deposits, gold, silver and intellectual property, can be treated as collateral.

However, the movable property must be registered for a mortgage. For this purpose, it has been decided to have a separate authority for the registration of movable assets for which valuation of those is possible, mentioned in the proposed law.

As a result, both banks and borrowers will benefit, and providing loans will be easier, as stated in the text of the bill.

If the new law is passed, anyone would be able to take loan against fixed deposits in banks or gold, silver or raw materials imported for making export goods.

Anything that is copyrighted can be pawned to the bank. Also, products like furniture, electronics, software, and apps can also be kept with the bank while taking loan, subject to pricing. Besides, the bank will also give loans against fish in ponds, garden trees, and cattle.

China imports of Russian oil highest since invasion

AFP, *Beijing*

Chinese imports of Russian oil last month hit their highest level since Moscow's February 2022 invasion of Ukraine, Beijing's customs data showed Tuesday.

China is Russia's largest economic partner, with trade between them reaching a record $190 billion last year, according to Chinese customs data.

And in May, China imported 9.71 million tonnes of oil from Russia, detailed customs data showed, up from 5.4 million tonnes in February 2022 and 6.3 million the following month.

The figures show that imports of Russian crude by China since Moscow's invasion of Ukraine have almost doubled.

They are in line with trade figures released this month that showed China's trade with Russia soaring to levels not seen since February 2022.

Trade between the two countries last month was worth $20.5 billion, data from Beijing showed, with Chinese imports from Russia worth $11.3 billion.

During a summit in March, Chinese President Xi Jinping and Russian leader Vladimir Putin pledged to boost trade to $200 billion in 2023 as they hailed their "no limits" partnership.

And Russian energy deliveries to China are set to grow by 40 percent this year, Deputy Prime Minister Alexander Novak said last month.

Beijing says it is a neutral party in the Ukraine war, but has been criticised by Western countries for refusing to condemn Moscow and for its close strategic partnership with Russia.

Speaking on Russia's economy this month, President Putin admitted that the second quarter of last year had been "the most difficult" as the West punished his country with unprecedented sanctions.

Analysts say China holds the upper hand in the relationship with Russia, and that its sway is growing as Moscow's international isolation deepens.

China and Russia have in recent years ramped up economic cooperation and diplomatic contacts, with their strategic partnership having only grown closer since the invasion of Ukraine.

In February, Beijing released a paper calling for a "political settlement" to the conflict, which Western countries said could enable Russia to hold much of the territory it has seized in Ukraine.

During their March summit in Moscow, Xi invited Putin to visit Beijing and the two leaders declared that ties were "entering a new era".

And last month, the Chinese leader offered his "firm support" on Moscow's "core interests" at a meeting with Moscow's Prime Minister Mikhail Mishustin, during the highest-level visit by a Russian official to China since last year's invasion of Ukraine.

PHOTO: AFP/FILE

An oil tanker unloads imported crude oil at Qingdao port in China's eastern Shandong province. In May, China imported 9.71 million tonnes of oil from Russia, up from 5.4 million tonnes in February 2022 and 6.3 million the following month.