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BUSINESS



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Banks told not to sell dollar for over Tk 109

STAR BUSINESS REPORT

The Bangladesh Foreign Exchange Dealers' Association (Bafeda) has asked banks in the country not to sell US dollars to importers for beyond Tk 109 per greenback as some lenders recently breached the rule.

The Bafeda, which is a platform for banks to monitor the country's foreign exchange market, issued a circular on July 3, asking them to follow the rules strictly.

It was observed that some banks got more than Tk 109 for each dollar sold to importers, the Bafeda said in the notice.

The Bafeda and Association of Bankers, Bangladesh (ABB), a platform for managing directors of banks in the country earlier took a decision to sell each US dollar for a maximum of Tk 109.

READ MORE ON B3

IMF-WB team to visit Dhaka to assess bond market

STAR BUSINESS REPORT

A technical assistance mission of the International Monetary Fund (IMF) and World Bank is expected to arrive in Dhaka today in order to undertake a detailed assessment of the Local Currency Bond Market (LCBM) and suggest ways for its development.

The team will identify challenges, prepare a roadmap for LCMB development with sequenced reforms and priorities, and assess functioning of the primary dealership arrangement, according to the finance ministry.

It will also recommend appropriate reforms.

The objective of the mission is to deepen and enhance liquidity in government securities.

The mission is expected to conclude its visit by July 17.

Besides, Bo Li, deputy managing director of the IMF, is expected to come to Dhaka on July 14 on a one-day visit to attend a seminar related to environment.

TREASURY BILLS

Treasury bills are short-term securities with tenure starting from three months to one year and issued at discount

TREASURY BONDS

Treasury bonds are coupon bearing long-term investment instruments with tenure from two years to 20 years

TRADING OF TREASURY BONDS

Trading of treasury bonds began in the secondary market of Dhaka Stock Exchange in October last year

BONDS

A bond is a fixed-income instrument that represents a loan made by investors to borrowers

BY THE NUMBERS

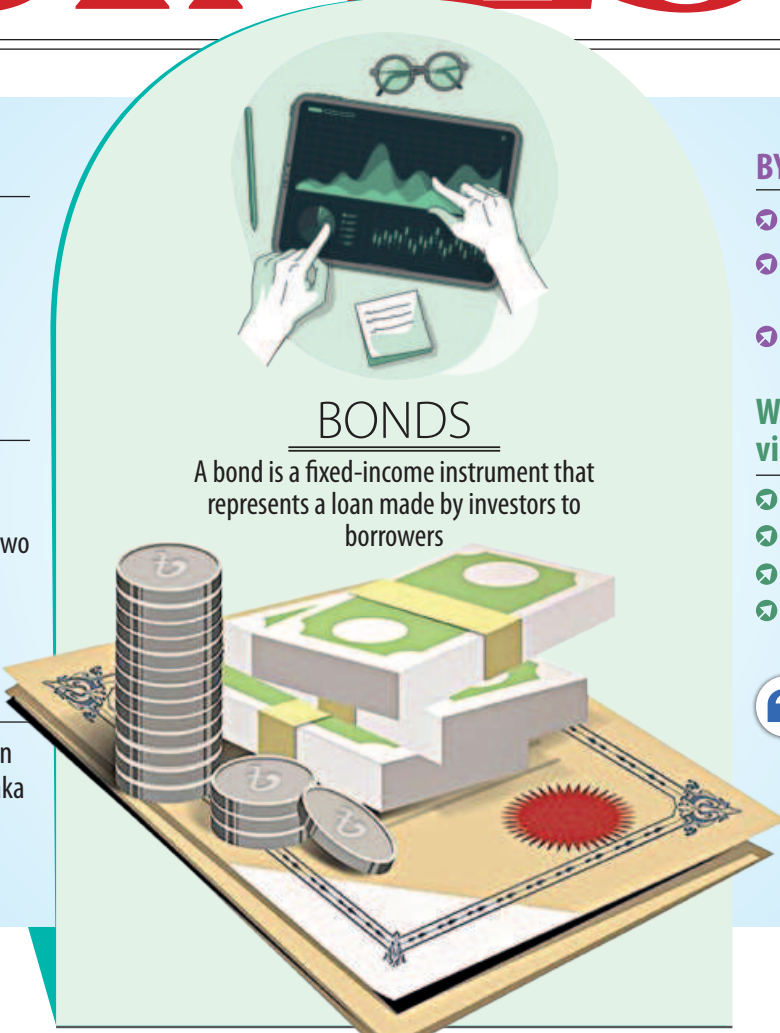
- Number of listed bonds: **242**
- Market capitalisation of bonds: Over Tk **3.1** lakh crore
- Trading in DSE so far: Tk **11.26** crore

Why bond market is not vibrant

- Lack of awareness
- Costlier trading
- No option of bargaining
- Lack of liquidity

If the trading of bonds was only allowed on the exchanges, it could have attracted retail investors and corporates.

Ershad Hossain
Managing director of City Bank Capital Resources



Bond trading in secondary market still negligible

Awareness among investors low while banks still prefer interbank system

AHSAN HABIB

The trading of treasury bonds in the stock exchange of Bangladesh has remained low although eight months have passed since their debut on the secondary market, owing largely to higher transaction costs and a lack of awareness among individual investors.

Treasury bonds made their debut on the Dhaka Stock Exchange (DSE) on October 11 of 2022, offering a new product to investors in a market not rich with adequate investment options.

But as of June 21, treasury bonds worth Tk 11.26 crore were traded.

Through the central bank, the government issues treasury bills and bonds to borrow from the market.

Treasury bills are short-term instruments with repayment periods ranging from three months to one year and are issued at a discount. Bonds are coupon-bearing long-term investment instruments, which carry repayment periods of two years to 20 years.

The head of treasury of a bank blamed the higher transaction cost for the lower trading volume.

At present, the commission on selling treasury bonds is 0.1 per cent or Tk 20,000, or whichever is lower, while there is no cost involved when banks trade

securities and bonds with each other.

"On the other hand, there is not enough buyers and sellers in the stock exchange," said the banker.

He added that banks can negotiate prices when buying and selling securities on the central bank's trading platform. "That is not possible in the stock

exchange."

Ershad Hossain, managing director of City Bank Capital Resources, said bond trading in the secondary market is almost negligible as structural problems have remained unaddressed.

He explained that since the interbank trading of treasury bonds under the infrastructure of the central bank is still operational and this involves no cost, banks prefer to trade using the old system instead of the stock market.

"If the trading of bonds was only allowed on the exchanges,

it could have attracted retail investors and corporates."

City Bank Capital Resources is a merchant bank and has worked as the issue manager for many corporate bonds.

Another bottleneck, according to Hossain, is when sellers want to sell bonds through stock exchanges, approval needs

At present, 242 treasury bonds worth more than Tk 3.1 lakh crore are listed on the DSE.

Md Moniruzzaman, managing director of Prime Bank Securities Limited, said the willingness to buy bonds among investors is low. "Only a few investors have proper knowledge about bonds and can choose lucrative bonds and know when to buy them."

A treasury official of a non-bank financial institution echoed Moniruzzaman.

"Most investors do not know how to buy bonds and what the yield and the underlying interest rate is. It is a completely new product for individuals."

He said when high-net-worth individuals want to buy bonds, they go to fund managers since they can guide them.

"But brokers can't guide them properly."

Shahidul Islam, chief executive officer of VIPB Asset Management, said a parallel secondary market for treasury bonds exists and it has been there for long.

"And we are accustomed to trading using the traditional method."

"In order to make the stock exchange's board more liquid, individual investors' participation needs to increase. If the yield gap between savings certificates and treasury bonds narrows, people will invest in bonds."

Strong legal system needed to end default loan culture

Says Dhaka Bank chairman

AHSAN HABIB

A strong legal system is required to end the default culture and stop defaulters from using writs to defer loan repayments and secure fresh credits, said Abdul Hai Sarker, chairman of Dhaka Bank Ltd.

He said when a bank takes steps to sell collateralised assets of defaulters, they go to courts and file a writ.

"Then the banks can't do anything and such a process binds our hands."

He said entrepreneurs may incur losses and default on their loan payments, but most of the default loans are coming from willful defaulters.

"But if we have a strong legal system, willful defaulters will not be able to save themselves. Then, the volume of the bad loans will be lower."

The noted industrialist shared his thoughts during an interview with The Daily Star recently, on the occasion of the private commercial bank's 28th founding anniversary.

Opened in 1995, Dhaka Bank started its journey with a branch in Motijheel.

Currently, it has 113 branches all over Bangladesh, which includes 71 urban and 42 rural outlets. It has two shariah-compliant branches as well.

According to Sarker, if the banking sector of a country is burdened with a large volume of defaulted loans, it certainly impacts the economy. "So, the government should emphasise bringing down default loans."

Default loans increased by Tk 10,964 crore to Tk 131,621 crore in the first three months of 2023, according to Bangladesh Bank data.

The ratio of non-performing loans stood at 8.8 per cent in March, up from 8.16 per cent in December.

Sarker said default loans eat away profits and force banks to keep higher provisions against NPLs, depriving general investors and shareholders of due benefits.

READ MORE ON B2

STOCKS			
	DSEX ▲	CASPI ▲	
	0.04%	0.11%	
	6,334.10	18,726.68	

COMMODITIES			
	Gold ▲	Oil ▲	
	\$1,928.79	\$70.75	
	(per ounce)	(per barrel)	

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▲ 0.42%	▼ 0.98%	▼ 0.1%	▲ 0.04%
	65,479.05	33,422.52	3,203.77	3,245.35

Falling exports of four major sectors raise alarm

JAGARAN CHAKMA

Although Bangladesh posted a higher export growth in the just-concluded fiscal year on the back of garments and some non-traditional items, four major sectors suffered a fall, raising concerns for the economy and the employment sector.

Exporters of frozen and live fish, agricultural products, leather and leather footwear, and jute and jute goods registered a slump in their earnings in 2022-23 amid waning demand resulting from the economic slowdown in major markets such as Europe.

The receipts from the shipment of frozen and live fish, including shrimp, fell 21 per cent year-on-year to \$422 million, according to data from the Export Promotion Bureau (EPB).

Exporters say the main harvesting season for brackish water shrimp begins in May and they usually get good responses from buyers during this period. This year, unfavourable weather and low prices hit the export earnings from frozen and live fish.

Heatwaves in recent months affected the production of shrimps, the main export item in the basket of frozen and live fish, said Md Amin Ullah, a former president of the Bangladesh Frozen Foods Exporters Association (BFFEA).

READ MORE ON B3

Non-traditional products that are driving exports alongside RMG

REFAYET ULLAH MIRDHA

Apart from garment items, some non-traditional products played a vital role in gaining export earnings for Bangladesh even amid the global economic slowdown in the previous fiscal year.

In fiscal 2022-23, Bangladesh earned \$55.55 billion from merchandise shipments, registering year-on-year growth of 6.67 per cent, according to data from the Export Promotion Bureau (EPB).

And like previous years, the garment sector made the highest contribution by bringing in some \$46.99 billion of that amount.

However, some non-traditional items displayed strong performances as well.

For instance, exports of cotton and cotton products, such as discarded yarn and fabrics, performed well in fiscal 2022-23 due to the high demand for garment items made from recycled materials.

As such, exports of such goods witnessed phenomenal growth of 67.86 per cent year-on-year to reach \$411.12

NON-RMG ITEMS THAT DRIVE EXPORT GROWTH		
In million \$; SOURCE: EPB		
	FY23 earnings	Growth
Plastic products	\$209	26%
Leather products	\$396	17.4%
Paper & paper products	\$229	118%
Cotton & cotton products	\$411	68%
Manmade filaments & staple fibre	\$310	43%
Headgear/cap	\$447	23%

million from \$244.92 million in fiscal 2021-22.

The demand for yarn and fabric waste has been growing worldwide as western clothing retailers and brands have started selling garment items made from recycled textiles.

Recently, Swedish retail giant H&M said it aims to ensure that 24 per cent of its apparels from global sources, including Bangladesh, are made from

recycled or sustainable materials by 2025.

H&M plans to fully shift to recycled or sustainable products by 2030 as the company will abide by a due diligence law of the European Union for protecting the environment and human rights.

Recycled or sustainable clothing is made from yarn and fabrics that were discarded during the garment

manufacturing processes. The material is widely known as "jhoot" in Bangladesh.

This means that no virgin cotton is used in the apparels, with the only exception being cotton grown using sustainable cultivation practices.

Shipments of manmade filament yarn and staple fibre also increased by more than 42.98 per cent to \$310.03 million in fiscal 2022-23 compared to \$216.83 million the year prior, EPB data shows.

Sources in the primary textile sector said local spinners recently started producing yarn and fabrics from manmade fibre considering the high demand.

Besides, some of them are also exporting yarn made from manmade fibre alongside traditional garment items in order to meet the demand of international buyers.

Similarly, shipments of the non-leather footwear increased to \$478.86 million, up by 6.61 per cent year-on-year from \$449.15 million in fiscal 2021-22.

READ MORE ON B3

City Bank approves 12% dividends

STAR BUSINESS DESK

City Bank's profit after tax has increased to Tk 450 crore in 2022 compared to the pre-Covid figure of Tk 250 crore in 2019.

It was revealed at the bank's 40th annual general meeting, which was virtually held yesterday, said a press release.

The shareholders approved 10 per cent cash and 2 per cent stock dividends for the year that ended on December 31, 2022.

Aziz Al Kaiser, chairman of the bank, presided over the meeting.

"During global crises such as the Covid-19 pandemic and the present war in Europe, City Bank formulated a prudent plan that resulted in a 23.6 per cent growth in loans in 2022 which is in line with the strategic objective of having a steadier and more vigilant risk-return structure," City Bank Chairman said in his welcome speech.

Hossain Khaled, vice-chairman, Tabassum Kaiser, Savera H Mahmood, Hossain Mehmood, Rajibul Huq Chowdhury, Syeda Shaireen Aziz, Rebecca Brosnan, directors, and Mashrur Arefin, managing director and CEO, also joined the meeting.

Prime Bank wins Asiamoney award

STAR BUSINESS DESK

Prime Bank Limited won the "Best Bank for Environmental, Social, and Governance in 2023" award by The Asiamoney, a UK-based financial and management publication.

This accolade serves as a testament to the bank's strong focus on incorporating ESG considerations into its operations and decision-making processes, said a press release.

"This award acknowledges the concerted efforts of our entire team and our steadfast dedication to sustainable finance. We firmly believe that responsible banking is not only essential for the environment and society but also to create long-term value for our shareholders," said Hassan O Rashid, managing director and CEO of the bank.

Asiamoney conducts an annual evaluation of banks and their practices to identify industry leaders under various categories.

The award decisions were made by a team of senior journalists after receiving detailed submissions from market participants and in conjunction with research into the banking and capital markets by its editorial committee.



Aziz Al Kaiser, chairman of City Bank, presides over the bank's 40th annual general meeting, which was virtually held yesterday. Among others, Hossain Khaled, vice-chairman, and Mashrur Arefin, managing director, attended the meeting.

PHOTO: CITY BANK



Ahsanul Alam, chairman of Islami Bank Bangladesh, presides over a board of directors' meeting of the bank at Islami Bank Tower in Dhaka yesterday. Tanveer Ahmad, vice-chairman, Mohammed Monirul Moula, managing director, JQM Habibullah, additional managing director, and directors of the bank attended the meeting.

PHOTO: ISLAMI BANK BANGLADESH

UN talks aim to harness AI power, potential

AFP, Geneva

The United Nations is convening this week a global gathering to try to map out the frontiers of artificial intelligence and to harness its potential for empowering humanity.

The UN hopes to lay out a clear blueprint on the way forward for handling AI, as development of the technology races ahead the capacity to set its boundaries.

The "AI for Good Global Summit", being held in Geneva on Thursday and Friday, will bring together around 3,000 experts from companies like Microsoft and Amazon as well as from universities and international organisations to try to sculpt frameworks for handling AI.

"This technology is moving fast," said Doreen Bogdan-Martin, head of

the International Telecommunication Union, the UN's information and communications technology agency that convened the summit.

"It's a real opportunity for the world's leading voices on AI to come together on the global stage and to address governance issues," she told reporters.

"Doing nothing is not an option. Humanity is dependent upon it. So, we have to engage and try and ensure a responsible future with AI."

She said the summit would examine possible frameworks and guardrails to support safe AI use.

Listed participants include Amazon's chief technology officer Werner Vogels, Google DeepMind chief operating officer Lila Ibrahim and former Spain football captain Iker Casillas -- who suffered a

heart attack in 2019 and now advocates for AI use in heart attack prevention.

They will be joined by dozens of robots, including several humanoids like Ai-Da, the first ultra-realistic robot artist; Ameca, the world's most advanced life-like robot; the humanoid rock singer Desdemona; and Grace, the most advanced healthcare robot.

The Geneva-based ITU feels it can bring its experience to bear on AI governance.

Founded in 1865, the ITU is the oldest agency in the UN fold. It established "SOS" as the Morse code international maritime distress call in 1906, and coordinates everything from radio frequencies to satellites and 5G. The summit wants to identify ways of using AI to advance the UN's lagging sustainable development goals on issues such as health, the climate, poverty, hunger and clean water.

Karim becomes independent director of Eastland Ins

STAR BUSINESS DESK



Md Abdul Karim, former principal secretary to the prime minister, has recently been appointed as an independent director of Eastland Insurance Company.

Karim has 43 years of experience in the field of administration, foreign service and in secretariat level highest positions in the regulatory and revenue-related ministries or divisions of the government as well as development and corporate sectors, said a press release.

He is the executive director of UCEP Bangladesh, chairman of IPDC Finance Ltd, advisory board member of the Asian University for Women, Chattogram and secretary general of the Southeast Asian Cooperation Foundation, Dhaka.

He previously served as a secretary to the ministry of home affairs, commerce, fisheries and livestock, finance (internal resources division) and communications (bridges division) before becoming the principal secretary.

Oil prices go up amid supply cuts

REUTERS, London

Oil prices ticked higher on Tuesday as markets weighed supply cuts for August by top exporters Saudi Arabia and Russia against a weak global economic outlook.

On Monday, Saudi Arabia said it would extend its voluntary output cut of 1 million barrels per day (bpd) to August, while Russia and Algeria volunteered to lower their output and export levels for August by 500,000 bpd and 20,000 bpd respectively.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUL 4, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	-6.25 ↓
Coarse rice (kg)	Tk 48-Tk 50	0	-2 ↓
Loose flour (kg)	Tk 52-Tk 55	-2.73 ↓	25.88 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 167-Tk 175	-5 ↓	-0.87 ↓
Potato (kg)	Tk 38-Tk 40	2.63 ↑	34.38 ↑
Onion (kg)	Tk 70-Tk 80	-21.05 ↓	57.89 ↑
Egg (4 pcs)	Tk 48-Tk 50	1.03 ↑	25.64 ↑
SOURCE: TCB			

US manufacturing slump deepens

Factory gate price pressures subdued

REUTERS, Washington

US manufacturing slumped further in June, reaching levels last seen when the nation was reeling from the initial wave of the Covid-19 pandemic, but price pressures at the factory gate continued to deflate, a silver lining for the economy.

Shrinking activity left factories resorting to layoffs, the survey from the Institute for Supply Management (ISM) showed on Monday. ISM Manufacturing Business Survey Committee Chair Timothy Fiore described the practise as happening "to a greater extent than in prior months."

At face value, the ISM survey is consistent with an economy that is in recession. But the so-called hard data such as nonfarm payrolls, first-time applications for unemployment benefits and housing starts, suggest the economy continues to grind along.

Risks of a downturn have, however, increased as businesses and consumers deal with the 500 basis points worth of interest rate increases from the Federal Reserve since March 2022, when the US central bank embarked on its fastest monetary policy tightening campaign in more than 40 years.

"This provides further reason to suspect that a recession is on the horizon," said Andrew Hunter, deputy chief US economist at Capital Economics. "The ISM survey adds to the evidence that core goods prices will start falling again soon."

The ISM's manufacturing PMI dropped to 46.0 last month, the lowest reading since May 2020, from 46.9 in May. That marked the eighth straight month that the PMI stayed below the 50 threshold, which indicates contraction in manufacturing, the longest such stretch since the Great Recession.

Economists polled by Reuters had forecast the index edging up to

47. Manufacturing, which accounts for 11.1 per cent of the economy, contracted at a 5.3 per cent annualised rate in the first quarter, government data showed last week.

Risks of a downturn have increased as businesses and consumers deal with the 500 basis points worth of interest rate increases from the Federal Reserve since March 2022

Some pockets of strength remain, however, amid solid demand for goods like transportation equipment.

The ISM survey showed that transportation equipment was the only one of the six biggest industries reporting growth last month. But even so, makers of transportation

equipment expressed worries that second-quarter sales could decrease and boost inventory levels. They projected total end-of-year sales "to be about where we were last year."

Apart from the exorbitant borrowing costs, manufacturing is also being undermined by spending shifting to services from goods, which are typically bought on credit. Businesses are also carefully managing inventories in anticipation of weak demand.

Economists say the sector has yet to feel the pain from a tightening in credit following financial market turmoil earlier this year.

In addition to transportation equipment, printing, nonmetallic mineral products and primary metals grew in June. The 11 industry groups contracting included wood products, textile mills, electrical equipment, appliances and components, machinery and computer and electronic products.

Stocks on Wall Street ended slightly higher in a shortened session ahead of Tuesday's July 4 holiday. US Treasury prices were mixed.



An employee welds a screed bottom for a commercial class road paver at the Calder Brothers factory in Taylors, South Carolina. PHOTO: REUTERS/FILE

Strong legal system needed

FROM PAGE B1

According to the founding chairman of Dhaka Bank, banks have the responsibility to pick the right borrowers through a rigorous process with a view to ensuring that dishonest people don't get a chance to take loans in the first place.

"The financial behaviour of a borrower, the cash flow and prospect of businesses and the successor of businessmen should be reviewed before sanctioning a loan."

In the last 28 years, Dhaka Bank supported many industries to grow by financing them and created more than 2,000 jobs at the bank, he said.

Its consolidated profits dropped 21 per cent year-on-year to Tk 167 crore in 2022.

"The profit fell as the central bank ordered to keep provision against the rescheduled loans even though the borrowers are paying back," the chairman said.

The net interest income dropped due to the narrowing of the spread – the difference between the lending and deposit rates – driven by the lending rate ceiling.

In April 2020, the BB capped the interest rate at 9 per cent and banks had to maintain the ceiling as of last month.

Though the central bank has introduced a new interest rate-setting mechanism, the spread may remain low, said Sarker, also the chairman of Purbani Group, one of the largest and oldest export-oriented textile manufacturers in Bangladesh.

He said if several indicators of a free-market economy are regulated, the system becomes complex and the automatic adjustment process faces disruption.

"The ceiling ultimately impacted the business of banks and their liquidity."

Sarker said if the government continues to borrow from commercial banks or the central bank keeps printing money to help the government meet expenses, the private sector will be impacted.

He urged the government to look for ways to cut expenditures so that it does not need to rely heavily on the central bank and commercial banks. If the government can do so, the exchange rate will not see additional volatility, which will give more breathing space to the economy.

"To meet the financing demand for development projects, the government can go to the stock market and issue bonds."

The entrepreneur thinks the stock market can be a good source of funding for both public and private sectors if good governance can be insured.

Sarker, also a former president of the Bangladesh Textile Mills Association, says there are many ways to reduce the cost of doing business, other than maintaining a ceiling on the lending rate.

"Infrastructure should be up to the mark and energy supply should be uninterrupted."

Dhaka Bank has placed emphasis on lending to small enterprises and the agricultural sector since they don't default usually.

The bank's SME financing rose around 11 per cent year-on-year to Tk 2,869 crore in 2022 while farm loan disbursements surged 86 per cent to Tk 828 crore.

"If large borrowers default on their loans, it has a huge impact on banks as the amount is large," Sarker said.

Dhaka Bank's classified loans increased to Tk 1,218 crore last year, up from Tk 714 crore in the previous year.

"As businesses passed a tough period in 2022 due to the war between Russia and Ukraine and it emerged just after the coronavirus pandemic had improved, classified loans rose," Sarker said.

Moreover, he said, the massive depreciation of the local currency against the US dollar inflicted suffering on import-based businesses.

"If businesses suffer, it ultimately hit banks. We are taking preparation

so that we can survive if the business situation deteriorates."

Dhaka Bank's deposits grew 5.65 per cent to Tk 24,342 crore in 2022. Loans rose 11.24 per cent to Tk 23,968 crore.

He also talked about new banks, saying the number of lenders in Bangladesh is quite high and no bank licences should be given on political consideration.

"This is because if a bank licence is given on political consideration, they suffer. Some of the new banks are already suffering."

Dhaka Bank plans to widen its footprint outside of the country as well.

But Sarker said: "It will be successful only when the image of the financial sector of the country brightens."

Meta to launch Twitter challenger

FROM PAGE B4

The launch of Threads represents a credible threat to Twitter under Musk, whose attempts to boost revenues and reshape the platform his own image have faced severe criticism.

After acquiring the company late last year, he laid off around 80 per cent of staff and reinstated a number of banned accounts, such as those of former US President Donald Trump and conservative satirical news site Babylon Bee.

Hundreds of advertisers, concerned by a perceived rise in harmful content on the platform, paused spending with Twitter, and internal documents seen by Reuters showed the platform's most active users becoming disengaged.

Meta did not immediately respond to a Reuters request for comment on a similar launch on the Google Play Store. Reuters approached Twitter for comment.

Falling exports in May add to German woes

AFP, Frankfurt

German exports dipped in May after a small rebound in April, official data showed Tuesday, adding to a gloomier outlook for Europe's biggest economy.

Germany shipped goods worth 130.5 billion euros (\$142 billion) in May, according to data published by federal statistics agency Destatis, down 0.1 per cent compared with April.

Imports rose by 1.7 per cent to 116.1 billion euros in May, narrowing the trade surplus to 14.4 billion euros.

"Trade is no longer the strong resilient growth driver of the German economy it used to be," said ING bank economist Carsten Brzeski.

"Sluggish exports are no longer an exception but rather the new normal."

The weaker demand for "made in Germany" goods was led by a 3.6 per cent fall in exports to the United States, Germany's biggest export destination.

Shipments to European Union countries dropped by 1.5 per cent, but those to China ticked up by 1.6 per cent.

Most imports to Germany once again came from China, and were up 2.7 per cent on the month before.

The German economy has been hit by a series of weak data in recent weeks, dampening hopes of a swift recovery after the energy crisis and high inflation tipped the country into a recession at the turn of the year.

Leading economic institutes expect the German economy to shrink by 0.2 to 0.4 per cent in 2023.

"The ongoing weakening of export order books, the expected slowdown of the US economy, high inflation and high uncertainty will leave clear marks on German exports," said Brzeski.



A worker is seen separating piles of green chili for sale at a market in Khulna city. Green chili was selling for Tk 500 per kilogramme at retail on Saturday, but the price has quickly cooled since then amid imports from India. The cooking ingredient is now available for as low as Tk 200 per kilogramme in Dhaka.

PHOTO: HABIBUR RAHMAN

Green chili import thru Hili suspended on fear of losses

KONGKON KARMAKER, Dinaipur

Imports of green chili through Hili land port in Dinaipur have been suspended as importers fear incurring losses in face of falling prices in local markets.

No green chili was imported through the port on Monday and Tuesday, according to port officials.

Around 27.16 tonnes of green chili were imported from India through Hili land port on June 26. Later, trade activities at the port were shut for six days during the holiday centring Eid-ul-Azha.

And although the port reopened on Monday, no green chili was imported as of 3:00pm on Tuesday, the officials said.

Talking with The Daily Star, importers said that over the past few days, the price of green chili shot up in India while the reverse took place in Bangladesh.

So, importers suspended imports in fear of losses in such an unstable market, they added.

Green chili retailed for between Tk 250 and Tk 280 per kilogramme (kg) at local markets on Tuesday.

Anwar Hossain, one of 11 importers that collectively brought the 27.166 tonnes of green chili, said they would suffer significant losses if they continue importing green chili at this time.

Around 27.16 tonnes of green chili were imported from India through Hili land port on June 26. Later, trade activities at the port were shut for six days during the holiday centring Eid-ul-Azha

In Indian markets, green chili is currently available for Rs 110 to Rs 120 per kg.

So, including transport, duty and other charges, the import cost stands at around Tk 180 to Tk 190 per kg, he said.

However, the price of green chili dropped largely in domestic markets, he said, adding that they would incur losses of at least Tk 50 per kg by continuing imports in such a situation.

Bablu Rahman, another importer, said they sold the roughly 27 tonnes of imported green chili at Tk 200 per kg to different traders across the country.

"We were preparing to import more from India after the port opened on Monday, but later changed the decision as the price situation in the country became quite normal," he added.

According to customs officials, the 11 importers were permitted to bring around 4,200 tonnes of green chili through the port.

Sohrab Hossain, public relations officer of Hili port, said that no green chili was imported through the port from Monday.

However, Hossain added that he is yet to hear an official reason for the suspension.

During a visit to different markets in Dinaipur town, this correspondent found that green chili was being sold at about Tk 250 per kg.

On Saturday, green chili was selling at local markets for Tk 500 per kg. After a day, its price dropped by Tk 100 to Tk 120 per kg. On Monday, green chili was available at Tk 280 per kg, traders said.

StanChart wins Asiamoney's 'Best Int'l Bank in Bangladesh' award

STAR BUSINESS DESK

Standard Chartered won the "Best International Bank in Bangladesh 2023" title at the Asiamoney Best Bank Awards for the bank's commitment to accelerating sustainable solutions, revolutionising customer experience through digitalisation, driving inclusion across communities and powering continuous innovation.

This achievement is the bank's seventh consecutive win in this category at the Asiamoney Awards, said a press release.

"This award is a recognition of our dedication to making a difference, building a cashless economy, using technology to accelerate trade and investment, leveraging sustainable finance to help businesses grow, and powering community investments that are transforming the lives of char farmers and empowering the next generation to learn, earn and grow," said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

In the award citation, Asiamoney commended the bank for its progress towards its net-zero ambitions for supporting and financing low-carbon efforts and activities that are transforming the nation's agricultural and entrepreneurial landscape.

Asiamoney, a quarterly publication, focused on content related to business and finance, where it contains in-depth reports and banking awards in up to eight markets in Asia.

The aim of the Asiamoney Best Bank Awards is to identify which banks in each market have excelled across a range of core banking activities over the past 12 months.

METALS FOR CHIPS EU concerned over China export controls

REUTERS, Brussels

The European Commission expressed concern on Tuesday over China's planned curbs on exports of strategic metals widely used in the semiconductor industry and doubt that the move was related to security.

China said the control on exports of gallium and germanium products from August 1 was aimed at protecting national security.

"The Commission is concerned that these export restrictions are unrelated to the need to protect global peace and also stability and the implementation of China's non-proliferation obligations arising from international treaties," a Commission spokesperson told a daily briefing.

The EU executive, which is assessing the potential impact on global supply chains and European industry, said it called on China to limit export restrictions to "clear security considerations" in line with World Trade Organization rules.

Falling exports of four major sectors

FROM PAGE B1

"Besides, the consumption in our main markets is falling owing to the impact of the Russia-Ukraine war," he said, adding that prices of all types of shrimp declined.

Economies worldwide are suffering because of the war.

And since shrimp is not an essential item, its shipment has declined in Europe, the main market for black tiger shrimps, Amin said.

Shrimps accounted for three-fifths of export receipts from frozen and live fish in FY23.

The fall in export earnings of jute and jute goods was high as well in FY23.

Exporters in the segment brought

home more than \$1 billion for the second consecutive year until FY22. However, receipts declined 19 per cent to \$912 million in the last financial year.

Md Abul Hossain, chairman of the Bangladesh Jute Mills Association (BJMA), said a number of factors such as the anti-dumping duty imposed by India on jute goods from Bangladesh and high prices of raw jute in 2020-21 affected the shipment of the products made from the natural fibre.

"Many buyers switched to alternatives of jute yarn such as cotton waste and synthetic fibre when the prices of raw jute shot up over Tk 6,000 per maund in Bangladesh."

Last week, several exporters blamed the falling shipment of jute yarn and twine for the lower demand among carpet makers in Turkey and other countries as the consumption of floor coverings has declined in the advanced economies because of high inflation and recession worries fuelled by the raging war.

Export earnings from jute yarn and twine recorded the sharpest fall among other sub-sectors in the jute industry.

Jute yarn and twine export, which accounted for more than half of earnings, dipped 29 per cent to \$497 million in the July-June period of FY23.

Among agricultural products, only

three items – tea, tobacco and spices – posted growth in export earnings. Receipts from the rest, including dry foods, suffered a decline.

Md Parvez Saiful Islam, chief operating officer of Square Food & Beverage Ltd, said the ban on the shipment of aromatic rice had negatively affected the overall export earnings from agricultural products.

"Almost 30 per cent of our export earnings used to come from the shipment of aromatic rice. We saw a dent in earnings as aromatic rice was absent in our export basket."

Mohammad Mansur, general secretary of the Bangladesh Fruits, Vegetables and Allied Products

Exporters' Association, said vegetable export declined due to the higher air freight costs and the increased prices of locally grown fresh produce.

"Owing to higher production costs, we can't offer farm produce at competitive prices."

EPB data showed that leather and leather footwear export declined in FY23 and exporters earlier blamed lower orders from Europe for the slide.

Footwear is the largest contributor to the export earnings generated by the leather sector. But, in the last fiscal year, Bangladesh shipped leather footwear worth \$703 million, down 6.9 per cent from a year earlier.

Leather exports declined 18.45 per cent to \$123 million.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue, said the decline of exports in the non-garment sector is alarming for the economy.

"If the trend persists, it may impact employment since manufacturers may cut jobs to tackle the challenges."

He said the export of a number of items has dropped as the US dollar crisis has brought down the imports of raw materials and raised the cost of production.

The economist suggested the commerce and labour and employment ministries monitor the situation.

Non-traditional

FROM PAGE B1

One of the most non-traditional export items is headgear, such as caps, shipments of which grew significantly by 22.71 per cent to \$447.43 million, as per EPB data.

Also, exports of paper and paper products grew by 118.33 per cent year-on-year to \$229.47 million.

Likewise, shipments of plastic products and cement, salt and stones registered positive growth.

AHM Ahsan, vice-chairman of the EPB, said that as usual, the garment sector accounted for more than 84 per cent of the country's exports last fiscal year.

Some non-traditional sectors contributed a lot as well, whereas a few promising sectors like leather and leather goods, jute and jute goods, and frozen food could not perform well.

On the other hand, shipments of manmade yarn and fabrics, cotton waste, non-leather footwear, prayer caps, paper and paper goods performed well.

This symbolises that diversification of exportable products is taking place, Ahsan added.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said

increasing exports of cotton and cotton products as well as yarn made from manmade fibre is a very positive sign for the country's export earnings.

This is because the growth in exports of these items indicates that local entrepreneurs are investing in these sectors.

"But we want more investment in those areas so we can be more competitive and efficient, and thereby ensure quality," Hassan added.

MA Razzaque, research director of the Policy Research Institute, said exports of manmade fibre and cotton waste may grow as many have invested in these sectors.

However, exports of some very non-traditional items are mainly casual, and the survival rate of those products as regular export items is rare, Razzaque said, citing a finding in his own research.

These extremely non-traditional export items are sometimes shipped on a test basis, he added.

Razzaque also said that while the export market survivability of new non-traditional items is a challenge, the export opportunities of those products will expand as China is retreating from manufacturing them.

Banks told not to sell dollar

FROM PAGE B1

"Banks are allowed to charge a maximum of Tk 1 as a spread over its five days rolling weighted average buying rate/cost in case of import bill settlements and interbank selling, but not exceeding Tk 109 per US dollar," the Bafeda said.

As per the agreement between the two platforms, banks are allowed to mobilise the greenback from remitters by offering a maximum of Tk 108.5 per US dollar apart from the 2.5 per cent incentive given by the government.

Besides, lenders can offer a maximum of Tk 107.5 for each US dollar while purchasing the greenback from exporters.

Selim RF Hussain, chairman of the ABB, said the Bafeda had not mentioned the highest selling rate of the US dollar for importers in the previous circular, which is why there was a miscommunication.

The exchange rate for importers has decreased and is now at the expected level after the issuance of the circular.

Ministry of Commerce of the Government of Bangladesh has introduced the largest public sector **Women Entrepreneurs Networking Platform (WENP)**. With 25,000+ women entrepreneurs from all 64 districts and ranging from conglomerate owners to grassroots farmers, this platform holds immense potential for collaboration and the creation of highly efficient supply chains.

WENP opts to enable the women entrepreneurs to gain competitiveness by ensuring access to market, finance, technology, skills, services, information, and other business development services and resources.

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The subscriber numbers for mobile internet have surged due to the growing popularity of diverse digital services beyond social media, officials of mobile operators said.
PHOTO: RAJIB RAIHAN

Internet subscriber base sees growth for 4th month straight

MAHMUDUL HASAN

The number of internet subscribers in Bangladesh rose by about 12 lakh in May from a month earlier thanks to an increase in the country's mobile subscriber base.

With this, the total number of internet subscribers has risen to 12.76 crore, according to data of the Bangladesh Telecommunication Regulatory Commission (BTRC).

This is the fourth consecutive month since February that the internet subscriber base has grown.

Earlier in February, the number of internet subscribers saw its first rebound after six months thanks to a jump in mobile internet users. Then in March, broadband user numbers also underwent growth.



May and June," said Md Aminul Hakim, chief executive officer at Amber IT, a top broadband internet service provider.

However, it cannot be determined how many individuals use the internet with the BTRC's data since many people use multiple SIMs.

According to Bangladesh Sample Vital Statistics, a project run by the Bangladesh Bureau of Statistics, 41 per cent of people in the country aged above five use the internet.

The survey pointed out the digital divide continues to exist in Bangladesh, underscoring disparities in internet access between rural and urban areas, while the gender digital divide is also palpable.

Of the users, only 37.1 per cent are from villages, highlighting the persistence of the digital divide among rural villages compared to urban cities.

While urban areas enjoy better infrastructure and connectivity, rural villages face infrastructural constraints, including inadequate broadband coverage, and a lack of technological resources, according to experts.

Industry people and experts say women face additional challenges in accessing the internet compared to their male counterparts, resulting in a gender gap in internet usage and digital skills.

Due to some cultural and traditional beliefs or norms, a gender gap in internet access persists, they said.

Of the internet users in Bangladesh, 47 per cent are men and 34 per cent are women, according to the Bangladesh Sample Vital Statistics published last month.

Officials of mobile network operators said the subscriber numbers for mobile internet have surged due to the growing popularity of diverse digital services beyond social media.

The increasing presence of various digital platforms has led to a significant rise in mobile subscriptions, reflecting an evolving scene in the market, they said.

"We are now observing a new trend among customers," said Shahed Alam, chief corporate and regulatory officer at Robi Axiata Ltd.

"They are now using the internet for different types of digital services, such as over-the-top media, gaming etc. This is giving a boost to the subscriber base," he said.

"Earlier, mobile internet subscribers generally used our service for social media and YouTube," Alam added.

Meanwhile, broadband internet subscribers remained unchanged at 1.20 crore in May.

It cannot be ascertained if the subscribers increased or decreased as the BTRC provides broadband internet subscriber information on a quarterly basis.

The BTRC calculates broadband subscriber information through market analysis, consultation and data collection from almost all internet service providers (ISPs).

However, the ISPs said they saw a positive trend in May.

"Customer acquisition was positive in

Institutional imperative and our banking industry

DH CHOUDHURY

Corporate executives usually control their business operations through a standard operating procedure. However, on some occasions, executives act differently under the influence of an unseen force referred to as institutional imperative.

American business magnate, investor and philanthropist Warren Buffet, in particular, termed this idiosyncrasy in his Berkshire Hathaway annual report of 1989 as "the tendency of executives to mindlessly imitate the behaviour of their peers, no matter how foolish it may be to do so".

Due to regulations and prudential guidelines, there is no room for such overbearing conduct in our banking industry, yet this occurs arbitrarily.

Take the example of banks impulsively introducing new products and services simply because a peer does so. Channel banking, popularly known as agent banking, is an example.

Successful banks rolled out channel banking after appropriate capacity-building and putting specific plans in place. Many other banks entered the race as an imperative, without skill and capacity. These banks have been suffering from loss of assets and diminished productivity.

In the 1990s, a foreign bank opened its Dhaka operation with the Bangladesh Bank governor in attendance as the chief guest. The governor graciously admired the quality of the bank's interior decoration. Other bankers in attendance, encouraged by this admiration, were impelled to mimic the decorative style. The compulsive behaviour of outperforming the competitors' facial makeup, gave rise to a class of imitation interior decorators.



The inclination for wasteful extravagance in banking continues with product launching and ribbon-cutting. Launching a product is, at best, symbolises a debut, not a strategic accomplishment. One normally celebrates when a product achieves its goal. I have heard bankers talking about unsuccessful products that perished at the first phase of launching with little accountability taken for failures.

Bankers deal with public money and are expected to follow conservative accounting principles. Conservatism in banking is not a reactionary process as this terminology is often misinterpreted. It connotes a banking norm of conserving or preserving the interest of stakeholders: depositors, shareholders, investors, vendors and regulators.

Furthermore, a new trend among banks includes making large expenses in the name of special donations. Banks usually make donations under standard corporate social responsibility (CSR) activities and the funds come from the net profit after the final accounts. On the contrary, when donations are made randomly under the guise of philanthropy, the management control function becomes irrelevant.

However unimportant the operational deviations cited above may appear at this time, the shady practices have the potential of upsetting the whole banking system.

Generally speaking, upper management in our banks is conversant and accomplished. To my knowledge, they are diligent and earnest. Then what went wrong was that some activities are not prudentially managed and control functions are not applied effectively by them.

In my judgment, we need to redefine our operating procedure and inculcate a cultural change. Under this cultural variation, management will be empowered to implement operational standards in their literal meaning and allowed to take charge free from constraints.

The author is an independent director of Bank Asia Limited. He can be reached at dhc707@gmail.com

Meta to launch Twitter challenger app Threads

REUTERS

Meta Platforms plans to launch a Twitter-rivalling microblogging app called Threads, days after Twitter boss Elon Musk attracted criticism by announcing a temporary cap on how many posts users can read on the social media site.

Threads is expected to be released on Thursday and will allow users to retain followers from photo-sharing platform Instagram, and keep the same username, a listing on Apple's App Store showed.

The rollout represents a direct challenge to Twitter, which has faced numerous controversies since Musk bought the company for \$44 billion in 2022.

Last week, the Tesla billionaire announced a slate of new restrictions on the app, limiting the number of tweets users could view per day, prompting outcry from many on the platform.

While alternative microblogging sites - such as Mastodon and Blue Sky - have seen an uptick in user numbers since Musk's acquisition, neither has been able to challenge Twitter.

But Instagram already has hundreds of millions of registered users and has a history of introducing new features based on the success of other social media firms.

In 2016, it added a feature called "stories" to Instagram, or user posts that disappear after a fixed amount of time, in response to the rising popularity of Snapchat.

More recently, the company's short-form video feature "Reels" has sought to challenge the rise of TikTok.

READ MORE ON B2



People use mobile phone while sitting on a public bench as they visit the Zaryadye park in Moscow on June 25. Smartphones from Chinese retailers like Xiaomi and Realme have become top sellers in Russia after Samsung and Apple curbed sales in the country over the war in Ukraine.

PHOTO: AFP

Chinese smartphones dominate Russian market

REUTERS

Chinese smartphones dominated the Russian market in the first half of 2023, exceeding 70 per cent of all sales, leading consumer electronics retailer M.Video-Eldorado said, up from about 55 per cent last year.

Smartphones from Chinese retailers like Xiaomi and Realme have become top sellers in Russia after Samsung and Apple curbed sales in the country over the war in Ukraine.

Overall demand for smartphones in Russia is up 17 percent from the same period last year, with almost 13 million products sold.

Moscow has become more reliant on Beijing for everything from electronics to cars after most Western brands exited the Russian market.