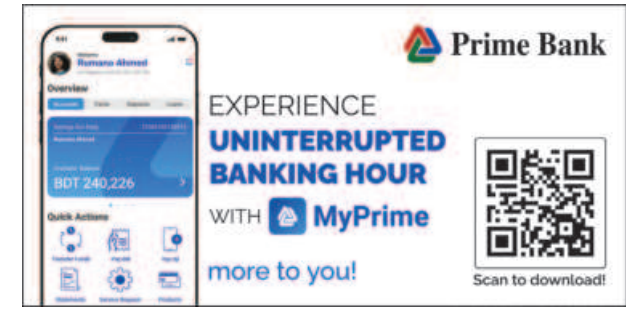


# Star BUSINESS



## Forex reserve falls below \$30b again

STAR BUSINESS REPORT

Bangladesh's foreign exchange reserves fell to \$29.97 billion yesterday after the Bangladesh Bank cleared \$1.09 billion of import bills through the Asian Clearing Union (ACU), an arrangement for settling payments for intra-regional transactions among eight countries, said a BB official.

Forex reserves, which have been under pressure for more than a year, stood at \$31.16 billion on Wednesday, riding on increased flow of remittances, according to the BB.

Under the ACU, Bangladesh clears import bills every two months and forex reserve usually falls after the payment. The BB cleared import bills amounting to \$1.18 billion in May leading to a drop in overall reserves to \$29.77 billion after the payment.

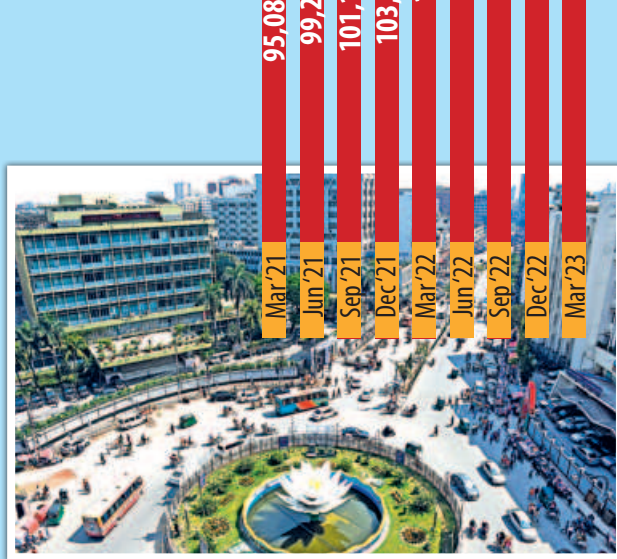
READ MORE ON B3

## CHALLENGES BB SEES IN BANKS AND ECONOMY

### DEFAULT LOANS IN BANKING SECTOR

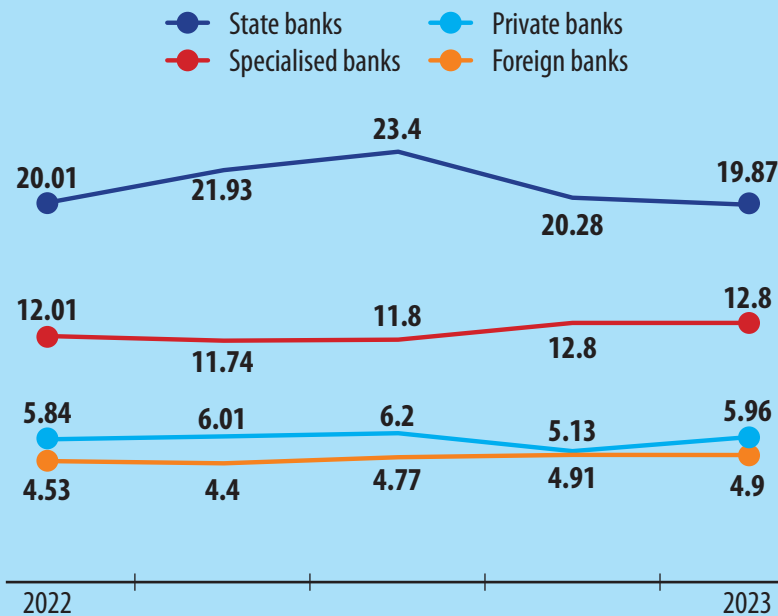
(In crore taka)

SOURCE: BB



### GROSS NON-PERFORMING LOAN RATIO

In %; SOURCE: BB



# Higher NPL burden for banking sector

Says central bank, calling for continuous supervision, loan recovery

AKM ZAMIR UDDIN

The banking sector is burdened by a high non-performing loan (NPL) and will need to continue measures to beef up supervision and accelerate loan recovery, according to the Bangladesh Bank.

The BB has taken an active role in amending the existing Bank Company Act, 1991 to tackle the challenges associated with the high NPL, the central bank said in its "Bangladesh Bank Quarterly" for the January-March period.

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 NPL figure is the second-highest in the banking sector's history and comes within a whisker of touching the all-time high of Tk 134,396 crore reported in the July-September quarter of 2022.

In March, the NPL ratio accounted for 8.8 per cent of the banking system's outstanding loans of Tk 14,96,346 crore. It was 8.16 per cent in December and 8.53 per cent in March last

year. Zahid Hussain, a former lead economist of the World Bank's Dhaka office, says that it is tough to find out a remarkable measure that has been taken by the central bank to bring down NPLs.

"Rather, the central bank has taken several measures in recent years that have pushed up default loans. Besides, the latest amendment to the Bank Company Act, 1991 may weaken the financial health of the banking sector."

He said the central bank has been offering defaulters and borrowers the scope to repay loans in a relaxed manner since 2015-16.

Parliament passed the new Bank Company Act on June 21, defining habitual defaulters for the first time.

As per the law, an individual will be considered a willful defaulter if he or she does not repay a loan obtained in their name or their company's name despite having the means to pay back.

In addition, a person will be treated as a habitual defaulter if they obtain loans under the name

of non-existent firms or transfer assets kept as a collateral in a bank without its prior approval with a view to getting funds from others.

But Hussain says that the government has not kept any strong provision in the law to bring habitual defaulters to

governance of the banking sector.

He said the law also did not address how to stop directors from one bank to secure credit facilities from others through mutual understanding.

Some directors usually take loans from the banks where they



book.

The new law will allow a subsidiary of a group of companies to take loans even if other concerns default on loan payments.

Such facility was absent in the past, the economist said.

The law allows directors to remain on the board for up to 12 years from nine years previously, a provision that Hussain thinks will deal a blow to the corporate

do not hold the post of directors. Such board members have already taken a large amount of loans thanks to mutual understanding among each other, creating concerns over corporate governance.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says that there has been no visible measure on the part of the central bank to arrest default loans.

"Political reason is the main factor behind the rise in NPLs."

In its publication, the central bank said the lower growth in bank deposits coupled with the gradual tightening of liquidity conditions and substantial depreciation of the taka may put further challenges for the banking sector.

It also said the economy faces two critical challenges that demand immediate attention: rising inflation and the exchange rate pressure.

The Consumer Price Index rose 9.02 per cent in 2022-23 against the government's revised target of 7.5 per cent. This was the highest average inflation rate in 12 years.

The taka has lost its value by about 25 per cent against the US dollar in the past one year owing to the sharp fall in the foreign currency reserve.

The BB said it has introduced several key measures to stabilise prices and exchange rates.

"By adopting a market-oriented framework, the BB seeks to maintain a delicate balance between promoting economic growth and maintaining price stability."

# RMG exporters bracing for difficult times as orders slow

REFAYET ULLAH MIRDHA

Apparel exporters are anticipating that the next six months will be challenging for the garment industry in Bangladesh as they receive fewer work orders from international buyers amid inflationary pains and depressed customer sentiments.

They are, however, hopeful about a rebound from December as the impact of a hike in bank interest rate in Bangladesh would ease and consumer prices would maintain their downward trend in the western countries.

"I don't see any possibility of a brighter prospect for garment exports in the next six months because the economies in the European Union and the US are yet to start performing strongly," said Md Fazlul Hoque, managing director of

**Exporters are hopeful about a rebound from December as the impact of a hike in bank interest rate in Bangladesh would ease and inflation in West would decline further**

Plummy Fashions Ltd, a Narayanganj-based knitwear manufacturer.

The EU and the US, the main export destinations for Bangladesh, account for about 85 per cent of the country's apparel shipment.

One encouraging sign is consumer prices, which surged to a multi-decade high last year owing to the escalation of energy prices fuelled by the Russia-Ukraine war, are on the decline in the key markets.

In the US, for instance, inflation was 4.9 per cent in the 12 months to April, the first time it fell

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STOCKS	
DSEX ▼	CASPI ▼
0.02%	0.03%
6,334.79	18,720.80

COMMODITIES	
Gold ▼	Oil ▼
\$1,909.58	\$70.93
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.52%	▲ 1.70%	▼ 1.1%	▼ 0.54%
65,785.64	32,773.02	3,150.43	3,205.57

# Global rice prices may rally further

Weather, India's farm perks threaten supply

REUTERS, Mumbai

Global rice prices, now at their highest in 11 years, are set to rally further after India moved to boost payments to farmers, just as El Nino threatens yields in key producers and alternative staples get costlier for poor Asians and Africans.

India accounts for more than 40 per cent of world rice exports, which were 56 million tonnes in 2022, but low inventories mean any cut in shipments will fuel food prices driven up by Russia's invasion of Ukraine last year and erratic weather.

"India was the cheapest supplier of rice," BV Krishna Rao, president of the Rice Exporters Association (REA), told Reuters. "As Indian prices moved up because of the new minimum support price, other suppliers also started raising prices."

Rice is a staple for more than 3 billion people and nearly 90 per cent of the water-intensive crop is produced in Asia, where the El Nino weather pattern usually brings lower rainfall.

Yet even before the weather phenomenon can disrupt production, the global rice price index of the Food and Agriculture Organization hovers above an 11-year high.

That comes despite a forecast by the US Department of Agriculture (USDA) for near-record output in all top six global producers — Bangladesh, China, India, Indonesia, Thailand and Vietnam.

READ MORE ON B2

# BSCIC plans Tk 800cr project to make tannery CETP fully functional

STAR BUSINESS REPORT

The Bangladesh Small and Cottage Industries Corporation (BSCIC) has sent a proposal to the industries ministry for taking a project that will make the Central Effluent Treatment Plant (CETP) at the Savar Tannery Industrial Estate (STIE) fully functional.

It will take between Tk 500 crore and Tk 800 crore for the proposed project, which includes setting up a shed for solid waste management on 200 acres of land on the southside of the CETP, BSCIC Chairman Md Mahubor Rahman said yesterday.

The BSCIC decided to take up the project as Bangladesh is yet to reap the full benefit from the much talked about CETP despite spending Tk 565 crore and waiting nearly a decade.

The facility now requires renovation or reconstruction as the Chinese company that built the facility handed over an incomplete CETP to the newly formed Dhaka Tannery Industrial Estate Waste Treatment Plant Company (DTIEWTPC) in July 2021.

Asked whether the BSCIC would

investigate anomalies that took place in construction as the CETP is still not fully functional, Rahman said it is simply embarrassing to investigate further into the matter.

Rahman was speaking during a seminar of the Institute of Leather Engineering and Technology (ILET), which discussed findings in research and development for the leather tanning

process and solid waste management.

The event was jointly organised by the ILET, University of Dhaka and The Asia Foundation at the Nawab Ali Chowdhury Senate Bhaban in Dhaka.

The construction of the CETP began in 2013 and the Chinese company in charge of implementation handed it over to the DTIEWTPC without completing construction.

The BSCIC chief is hopeful about making the CETP functional while also constructing the solid waste management field within two years if the project is approved.

Without a fully functional CETP, local companies will not be able to obtain Leather Working Group (LWG) certification, which is a must to attract international retailers and brands in the leather sector.

This means the country will continue to be deprived of valuable foreign currencies as local tanners cannot get higher prices for tanned leathers owing to a lack of compliance. Meanwhile, the makers of finished goods cannot export products made using leather produced in the country.

READ MORE ON B3



Local tanners cannot get higher prices for tanned leathers owing to a lack of compliance.

PHOTO: STAR

## ICB approves Tk 20cr loan for Prime Bank Investment

STAR BUSINESS REPORT

The Investment Corporation of Bangladesh (ICB) has approved a loan of Tk 20 crore in favour of Prime Bank Investment Limited (PBIL), a merchant bank, from the "special fund for affected small investors of capital market" on a repayment basis.

The PBIL and the ICB signed an agreement in this regard at the latter's office in Dhaka on Wednesday, the PBIL said in a press release.

CQK Mustaq Ahmed, chairman of the PBIL, and Abu Taher Mohammad Ahmedur Rahman, managing director (current charge) of the ICB, inked the deal.

Hassan O Rashid, managing director and chief executive officer of Prime Bank Limited and director of the PBIL, Khandoker Raihan Ali, managing director and CEO (current charge) of the PBIL, Md Anwar Shamim, general manager for accounts and finance at the ICB, Md Korban Ali, deputy general manager of the special fund management unit, and Md Faruque Alam, deputy general manager of legal affairs and documentation department, were present.



**CQK Mustaq Ahmed, chairman of Prime Bank Investment, and Abu Taher Mohammad Ahmedur Rahman, managing director (current charge) of the Investment Corporation of Bangladesh, exchanged signed documents of an agreement on loan at the latter's office in Dhaka on Wednesday.**

PHOTO: PRIME BANK INVESTMENT

## Ahmad appointed as MTB's company secretary

STAR BUSINESS DESK

Mutual Trust Bank Limited (MTB) recently appointed Rais Uddin Ahmad as its company secretary.

Ahmad was serving the bank as a deputy managing director and chief anti-money laundering compliance officer concurrently, said a press release. He joined the bank in 2021 from

Brac Bank Limited.

He has around 30 years of working experience in business, regulatory, risk management and company matters in the banking sector.

Ahmad started his career with ANZ Grindlays Bank, Bangladesh as a management trainee in 1994. He previously worked for Standard Chartered and Brac Bank.

He was also the company secretary of Brac Saajan Exchange Limited in the UK, a subsidiary of Brac Bank.

Ahmad obtained his master's degree in public administration from the University of Dhaka.



**Ali Reza Iftekhar, managing director of Eastern Bank, receives an award from Stephan Jia, financing head for South Asia, India, and Japan regions at ZTE, at the former's head office in Dhaka yesterday.**

PHOTO: EASTERN BANK



**Dhaka Bank Founder Mirza Abbas Uddin Ahmed and Chairman Abdul Hai Sarker cut a cake at the bank's head office in Gulshan, Dhaka yesterday celebrating the 28th anniversary of the lender's operation in the banking sector. Among others, Amanullah Sarker, vice-chairman, Altaf Hossain Sarker, Reshadur Rahman, Md Amirullah, and Rakhi Das Gupta, directors, Feroze Ahmed, independent director, Khandaker Mohammad Shahjahan, former director, and Emranul Huq, managing director, was present.**

PHOTO: DHAKA BANK

## Eastern Bank wins ZTE's award

STAR BUSINESS DESK

Eastern Bank Ltd won the "Best Bank Guarantee Partner in Bangladesh 2022" award by a Chinese multinational technology company ZTE for providing quality services for the latter over the years.

Ali Reza Iftekhar, managing director and CEO of the bank, received the award from Stephan Jia, financing head for South Asia, India, and Japan regions at ZTE, at the bank's head office in Dhaka yesterday, said a press release.

"This is a testament to our unwavering dedication to providing excellent services and support to our valued partners. We look forward to further strengthening our partnership with ZTE," said Iftekhar.

Among others, Yang Tao, financial head for South Asia region at ZTE, Golam Jilani ACS, deputy chief financial officer of ZTE Bangladesh, Mehdi Zaman, deputy managing director of the bank, and Iftikhar Imam, head of inbound business and China desk, were present.



**Zaid Bakht, chairman of the board of directors of Agrani Bank, presides over an extraordinary general meeting, where the bank's shareholders approved taking the PLC suffix for the lender, at its head office in Dhaka yesterday.**

PHOTO: AGRANI BANK

## Oil steadies

REUTERS, London

Oil prices were little changed on Thursday as the market digested tighter crude supply alongside fears of global economic slowdown.

Brent crude futures edged up 29 cents to \$76.94 a barrel by 0838 GMT after a 0.5 per cent gain the previous day.

US West Texas Intermediate crude firmed by 37 cents to \$72.16 after rising by 2.9 per cent in post-holiday trade on Wednesday to catch up with Brent's gains earlier in the week.

## Agrani Bank takes PLC suffix

STAR BUSINESS DESK

The shareholders of Agrani Bank Limited have approved adopting the PLC suffix for the lender, Agrani Bank PLC, in the third special and extraordinary general meeting held at the bank's head office in Dhaka yesterday.

Zaid Bakht, chairman of the board of directors of the bank, presided over the meeting, where Nahid Hossain, representative of the government and joint secretary of the Financial Institutions Division of the finance ministry, was present, said a press release.

Zakir Hossain Chowdhury, observer and executive director of Bangladesh Bank, Biswajit Bhattacharya Khokon, Maliz Uddin Ahmed, Kashem Humayun, KMN Manjurul Haque Labloo, Khondker Fazle Rashid, Tanjina Ismail, Md Shahadat Hossain, and Mohammad Masud Rana Chowdhury, board of directors, attended the meeting.

## RMG exporters bracing for difficult times

FROM PAGE B1

below 5 per cent in two years, way lower than the four-decade high of 9.1 per cent seen in June last year.

Similarly, the eurozone's annual inflation rate fell by more than expected in June to 5.5 per cent amid sharp falls in the cost of energy, down from a 40-year-high of 10.7 per cent recorded in October.

But local suppliers are worried as their cost of funds might go up after the Bangladesh Bank moved away from the 9 per cent lending rate cap, which had been in place from April 2020 to June this year.

According to Hoque, they came to know about the direction of exports based on queries from international retailers and brands.

"The number of queries from buyers for the next season is low because of the fallout of the war and the overall economic trend in the EU and the US."

He and a number of exporters sounded out pessimism despite the overall shipment from Bangladesh hitting a record high of \$55.55 billion in the just-concluded fiscal year and the receipts from the garment sector managed to register a year-on-year growth of 10.27 per cent to \$46.99 billion.

Industry people say the growth in times of global economic slowdown took place mainly in terms of value, not in terms of volume, as international retailers and brands paid better prices after taking into account the hike in the raw material costs and the spike in the cost of production in Bangladesh.

"How can the export of garment items be better when European and US consumers are passing through an economic downturn?" asked Md Siddiqur Rahman, chairman of Sterling Group, a garment exporter.

"The export growth in FY23 was not a growth in a real sense as buyers adjusted the prices."

MA Jabbar, managing director of DBL Group, a garment exporter,

thinks the export would be better from December as the economic situation may be better in the western world.

"The growth will be low in the next two months."

The current work order situation for garment items is not encouraging as buyers are cautious, said another garment exporter, asking not to be named.

"I do not see any jump in work orders in the next six months and everything is depending on the war situation."



Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said the shipment to new markets, particularly in Asian nations such as Japan, South Korea and India, increased in FY23 and buyers also paid better prices.

He said the global market for garment items currently worth nearly \$750 billion may shrink by 20 per cent this year because of lower consumption by western consumers.

Earlier, global management consulting firm McKinsey & Company said hyperinflation and depressed customer sentiments resulted in declining growth rates in the global fashion industry in the second half of 2022.

"We expect that the slowdown is

likely to continue through 2023."

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, thinks the depreciation of the local currency against the US dollar by nearly 28 per cent in the past one year has made Bangladesh's exports more competitive.

"But importers had to pay more for the US dollar to import raw materials."

Buyers are not optimistic because of the ongoing economic slowdown, said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

However, MA Razzaque, research director of the Policy Research Institute of Bangladesh, gave a mixed outlook on garment export for the new fiscal year, which began on July 1.

Apparel shipment to the US declined for all countries, including Bangladesh, in the February-May period of 2023.

"So, it will depend on how quickly the US and the EU could tackle their downward trend in the economies," he said.

According to the researcher, Bangladesh is competitive in the global apparel market whereas China is losing its market share. "So, Bangladesh has a very good future."

China, the largest apparel supplier in the world, is losing its market share for three reasons: diversification of sourcing by western retailers and brands as they see China as a sensitive source; China's shift to more sophisticated items like capital machinery, solar panels, electrical vehicles and mobile gadgets; and higher cost of production.

The geo-political tensions such as the dragging tariff war between Washington and Beijing is also contributing to the lowering of garment exports from China, Razzaque added.

## Dhaka chamber Global rice prices

FROM PAGE B4

Dhaka contributes about 36 per cent of the total gross domestic product of Bangladesh, Taposh said.

Sameer Sattar, president of the DCCI, also said the MoU is a remarkable initiative that will benefit businesspeople in the country.

Termed it a milestone initiative of public-private partnership, Sattar added that this type of bondage will help improve the ease of doing business.

Mizanur Rahman, chief executive officer of the DSCC, said this is a new beginning and they are committed to facilitating businesspeople with digitalised services.

"The more we can provide online services, the more we can facilitate the ease of doing business," he added.

## Stocks slide

FROM PAGE B4

Fu Wang Food made the highest gain with an increase of 9.9 per cent.

Heidelberg Cement Bangladesh, Progressive Life Insurance, Generation Next Fashions, and Emerald Oil Industries were among the top gainers.

Sonargaon Textiles was the highest loser, shedding 8.6 per cent.

Dacca Dyeing & Manufacturing, Fu-Wang Ceramic Industries, Alltex Industries, and Prime Textile Spinning Mills were also on the list of significant losers.

Fu Wang Food was the most-traded stock on the day with its issues worth Tk 53 crore changing hands.

Lub-rref (Bangladesh), Malek Spinning Mills, Rupali Life Insurance Company, and Olympic Accessories registered significant turnover as well.

Caspi, the all-share price index of the Chittagong Stock Exchange, slipped 6 points, or 0.03 per cent, to close at 18,720.

Of the issues, 50 rose, 95 retreated and 83 did not see any price swing. Turnover of the port city bourse inched down 1 per cent to Tk 21.22 crore.

"The impact of El Nino is not restricted to any single country; it affects rice output in almost all producing countries," said Nitin Gupta, vice president of Olam India's rice business.

The price of Indian rice exports has jumped 9 per cent to a five-year high, following a hike of 7 per cent last month in the price the government pays farmers for new-season common rice.

Export prices in Thailand and Vietnam have risen to more than two-year highs since that incentive, aimed at luring the votes of farmers in key Indian state elections this year and a general election next year.

In recent months, the prices of sugar, meat and eggs have jumped to multi-year highs worldwide, after producers cut exports to rein in domestic costs.

Despite the forecast for a strong Asian crop, some global trading houses expect El Nino to crimp the output of all key rice producers.

"Rice prices have already been rising due to limited supplies," added Olam's Gupta. "If production decreases, there will be a rally in prices."

Global inventories of rice are set

to drop to a six-year low of 170.2 million tonnes by the end of 2023/24, as stocks fall in top producers China and India, the USDA says, after the rising demand of recent years.

Prices could rise a fifth or more if yields drop sharply, as El Nino means the second rice crop in almost all Asian nations will be lower than normal, said a New Delhi-based grains dealer with a global trading house.

No. 2 exporter Thailand has urged farmers to plant only one rice crop after May rainfall was 26 per cent below normal.

In India, which plants its second crop in November, planting of summer-sown rice was down 26 per cent from a year ago by Friday, as the monsoon brought 8 per cent less rain than normal, government data show.

Weather in China, the top producer of the grain, has not been conducive for the early season crop but high stockpiles will balance supply and demand, said Rosa Wang, an analyst with Shanghai JC Intelligence.

Food inflation is always a concern for India's ruling party, which banned wheat exports last year and curbed those of rice and sugar to bring down prices.



**Rice is a staple for more than 3 billion people and nearly 90 per cent of the water-intensive crop is produced in Asia.**

PHOTO: STAR/FILE

## German industrial orders climb in May

AFP, Berlin

German industrial orders rose significantly in May, official data showed Tuesday, despite concerns that Europe's largest economy was set for a period of subdued growth.

New orders, closely watched as a foretaste of future industrial activity, rose by 6.4 per cent in May, federal statistics agency Destatis said.

The indicator climbed for the second month in a row, after Destatis revised up its figures for April to an increase of 0.2 per cent from a drop of 0.4 per cent.

May's rise was driven by increased orders for transport equipment, including ships, railway rolling stock, aircraft and military vehicles, which shot up 137.1 per cent on a month.

Orders for motor vehicles — a key sector of the German economy — also rose by 8.6 per cent.

The picture however remained mixed, with orders for electrical equipment falling by 15 per cent.

Domestic orders rose by 6.2 per cent, while those from abroad similarly rose by 6.4 per cent.

The improved order figures will provide a degree of relief for those concerned about the health of the German economy.

Despite a "gloomy business climate in the manufacturing sector, there are signs of a slight, albeit restrained expansion in industrial production in the course of the year", the economy ministry said in a statement.

A string of weak economic data had raised fears that the German economic motor was beginning to stall.

Germany fell into recession around the start of the year, as high inflation, elevated energy costs and tepid growth in key markets weighed on the economy.

The growing headwinds led the country's top economic institutes to forecast that the economy will shrink by 0.2 per cent over the course of 2023.



Bangladesh earned only \$142.24 million by exporting two-wheelers in the last fiscal year, down from \$167.95 in FY2021-22, according to the Export Promotion Bureau. PHOTO: COLLECTED

# Bicycle exports backpedal by 15.31pc

JAGARAN CHAKMA

Bicycle exports from Bangladesh declined 15.31 per cent in the preceding fiscal year (FY) as demand fell amid the global cost-of-living crisis resulting from the ongoing Russia-Ukraine war.

The country earned only \$142.24 million by exporting two-wheelers in the last fiscal, down from \$167.95 in FY 2021-22, according to the Export Promotion Bureau (EPB).

Mainly two companies that built up their production capacity in a view to increasing two-wheeler exports currently ship bicycles from Bangladesh to destinations abroad.

"Basically, buyers in Europe kept a buffer stock after the Covid-19 period that is yet to sell out due to ongoing economic recession," said Kamruzzaman Kamal, director for marketing at Pran-RFL Group.

"So, bicycle exports reduced for this reason," he told The Daily Star yesterday.

Kamal believes bicycle exports from the country may revive from October this year.

"Fresh orders will come at the time as the old stock should be sold out by then," he said.

According to him, bicycle manufacturers did very well in FY 2021-22 as buyers placed immense orders during the post-

coronavirus period.

However, the Russia-Ukraine war changed the global economic situation in a way that impacted bicycle exports, Kamal said.

RFL has the capacity to manufacture nine lakh bicycles annually, a third of which is exported to European markets.

**The country earned only \$142.24 million by exporting two-wheelers in the last fiscal, down from \$167.95 in FY 2021-22, according to the Export Promotion Bureau (EPB).**

"We need to find new markets to expand exports in this situation," he added.

Export opportunities and the development of bicycle manufacturing facilities directly generate at least 7,000 jobs in the industry.

As per data from Eurostat, Bangladesh is currently the third largest bicycle exporter to the European Union and eighth largest in the world.

"Bicycle exports fell drastically as the

European economy is still in crisis due to the impacts of the Russia-Ukraine war," said Md Luthful Bari, director for operations at Meghna Group of Companies, the country's biggest bicycle exporter.

He believes the downward trend of bicycle exports could worsen in coming days due to persisting high inflation and growing global economic crisis.

Bangladesh mainly exports bicycles to Germany, where the economic pressure is continuing and so, the demand for bicycles has reduced significantly.

As such, export orders declined by around 20 per cent compared to the previous fiscal year, Bari added.

In the meantime, production costs have risen due to increased tariff on imports of bicycle related spare parts alongside hikes in gas and power prices.

He also said bicycle exports started booming after the Covid-19 pandemic and they accordingly developed their manufacturing capacity to meet the higher demand.

But the present global economic crisis pushed the industry into new challenges, and nobody knows when this situation will improve, Bari added.

## Dhaka Bank wins Asiamoney Awards 2023

STAR BUSINESS DESK

Dhaka Bank recently won the title of "Best Corporate Bank in Bangladesh" at the Asiamoney Best Bank Awards 2023 for its contribution to garments, construction, consumer financing, and power sector.

With a client roster that includes Bangladesh's major conglomerates in sectors such as garments, engineering, construction, power, gas and consumer financing, the bank was at the forefront of numerous notable transactions in 2022, said a press release.

From syndicated term facilities for leading companies like Bashundhara Oil and Gas to arranging loans for sustainable projects generating over 2,800 MW of electricity, the bank is committed to supporting green infrastructure development and fostering a greener economy.

In addition to impressive financial growth with increased assets, loans, and deposits, the bank has also prioritised social and environmental responsibility.

By introducing innovative solutions like the Dhaka Bank C Solution app for cash management and the central over-the-counter platform for real-time reconciliation, they are revolutionising banking services in Bangladesh.

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

## India's vehicle sales go up

REUTERS, Bengaluru

Retail sales of cars and bikes in India rose in June, an industry body said on Thursday, while also flagging "demand-supply mismatches" that likely caused some disruption.

Sales of cars and vans — clubbed as passenger vehicles — rose 4.8 per cent to more than 295,000 units — a record high for the month of June, while those of two wheelers were up 6.8 per cent at over 1.3 million units, data from the Federation of Automobile Dealers Association (FADA) showed.

However, dealers selling cars have been impacted by a rise in inventory of some slow-moving cars and have noted "sporadic supplies of popular models," FADA President Manish Raj Singhania said in a statement.

Retail sales could have been slightly higher if not for the limited supply of utility vehicles, said Himanshu Singh, Research Analyst at Prabhudas Lillader, adding that a component issue at Mahindra and Mahindra and a planned shutdown at Maruti Suzuki India curbed some volumes.

Retail PV sales were up 4.3 per cent in May after a 1.4 per cent fall in April, while wholesale numbers for May and April were up 13.5 per cent and 12.9 per cent respectively, pointing to an inventory buildup.

Dealers have been grappling with a rise in inventory of slow-moving entry-level cars in the past 3 months, as supply of the more popular utility vehicles have been limited by chip shortages.



HBM Iqbal, chairman of Premier Bank, attends the bank's half-yearly "Business Conference-2023" at Renaissance Dhaka Gulshan Hotel in the capital yesterday. PHOTO: PREMIER BANK

## Premier Bank organises business conference

STAR BUSINESS DESK

Premier Bank Limited organised a half-yearly "Business Conference-2023" at Renaissance Dhaka Gulshan Hotel in the capital yesterday.

HBM Iqbal, chairman of Premier Bank, was present as chief guest at the conference, which was presided over by M Reazul Karim, managing director and CEO, said a press release.

"The achievement the bank won in the first half would be enhanced

further in the second half of the year so that it could make a big leap forward and reaffirm the bank's position as one of the top performing banks in the country," said Iqbal in his welcome speech.

Among others, Moin Iqbal, vice chairman of the bank, BH Haroon, and Abdus Salam Mursheedy, directors, M Imran Iqbal, director and chairman of risk management committee, Kaisar A Choudhury, and Naba Gopal Banik, independent directors, and M Shahidul Islam, consultant, attended the event.

## Threads crosses 10m users within hours of launch

AFP, Washington

More than 10 million people have signed up to Threads, Meta's rival to Twitter, within the first few hours of its launch, the Facebook parent's CEO Mark Zuckerberg said Thursday.

Threads is the biggest challenger yet to Elon Musk-owned Twitter, which has seen a series of potential competitors emerge but not yet replace one of social media's most iconic companies, despite its epic struggles.

The app went live on Apple and Android app stores in 100 countries at 2300 GMT on Wednesday, and will run with no ads for now.

"10 million sign ups in seven hours," Zuckerberg wrote on his official Threads account Thursday.

Accounts were already active for celebrities such as Jennifer Lopez, Shakira and Hugh Jackman, as well as media outlets including The Washington Post and The Economist.

Zuckerberg spent the first few hours of the platform's launch

replying to new users.

"One thing that's up is the number of world champion MMA fighters on Threads, especially now that you're here!" he wrote in a reply to American MMA fighter Jon Jones.

"Round one of this thing is getting off to a good start," he said in another. Zuckerberg also offered a

shot across the bow at Musk — the pair are known to be bitter rivals, and have even offered to meet each other in a fighting cage to wrestle it out. In his first tweet in over a decade, Zuckerberg posted a Spiderman pointing at Spiderman meme in an apparent reference to the similarity of the two platforms.

Back on Threads, he wrote: "It'll take some time, but I think there should be a public conversations app with 1 billion+ people on it. Twitter has had the opportunity to do this but hasn't nailed it. Hopefully we will." Twitter has said it has more than 200 million daily users.

Threads was introduced as a clear spin-off of Instagram, which offers a built-in audience of more than two billion users, thereby sparing the new platform the challenge of starting from scratch.

Zuckerberg is widely understood to be taking advantage of Musk's chaotic ownership of Twitter to push out the new product, which Meta hopes will become the go-to communication channel for celebrities, companies and politicians.

"It's as simple as that: if an Instagram user with a large number of followers such as Kardashian or a Bieber or a Messi begins posting on Threads regularly, a new platform could quickly thrive," strategic financial analyst Brian Wieser said on Substack.



## BSCIC plans

FROM PAGE B1

This is unfortunate for Bangladesh as leather is among a handful of products that offers exporters the scope for nearly 100 per cent value-addition as raw materials are entirely available in domestic markets.

Another price being paid for the lack of a well-equipped CETP is that the environment around the STIE is being polluted.

Mohammed Mizanur Rahman, director of the ILET, said it is not possible to go ahead with the existing CETP as it was constructed without following the proper design.

Besides, the technology used in building the CETP is not valid in most parts of the world nowadays.

Citing a paper of the ILET, Rahman said it is possible to reduce chemical usage in the washing of rawhide by 30 per cent using enzymes innovated by their researchers.

It is also possible to produce biodiesel and fertiliser from rawhide waste, he said, adding that his institute has already applied for a patent on the innovation.

Md Shakawat Ullah, general secretary of the Bangladesh Tanners Association (BTA), said tanners currently pay Tk 1 crore as an electricity bill for using the CETP,

which means the facility is running.

However, the solid waste management facility is less than 1 per cent operational, he added.

Md Akhtaruzzaman, vice chancellor of the University of Dhaka, said the production of biodiesel from rawhide waste is also producing green energy.

The leather and leather goods industries have been playing a vital role in the economy, which must not be marred by bureaucratic tangles, he added.

Kazi Faisal Bin Seraj, country representative of The Asia Foundation, also spoke at the seminar.

## Forex reserve falls

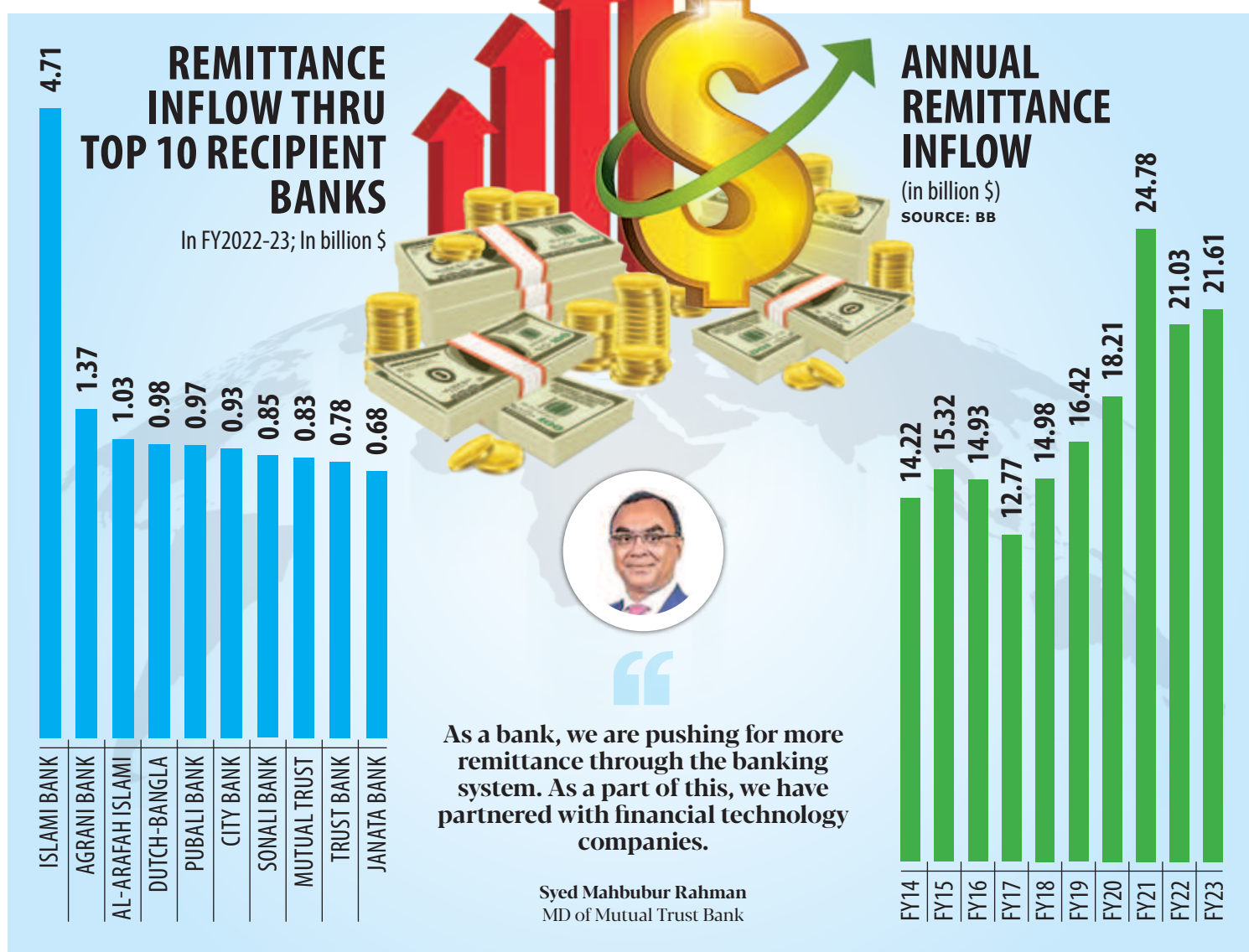
FROM PAGE B1

Bangladesh's foreign exchange reserves, a key indicator of a country's capacity to pay import bills, later rose above \$31.9 billion supported by remittances and loans provided by multilateral lenders such as the World Bank and the Asian Development Bank.

India, Bangladesh, Bhutan, Iran, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka are the members of the ACU, a Tehran-based organisation.

## Stocks slide slightly

**STAR BUSINESS REPORT**  
The capital market orchestrated an upward movement last week as the benchmark index gained around 16 points due to higher participation of investors after the Eid-U-Azha holidays amid a mix movement of the macroeconomic indicators. The DSEX, the key index of the Dhaka Stock Exchange, was 0.25 per cent higher at the end of the week, while turnover rose 21 per cent to Tk 717 crore. Of the major developments in the country's economic indicators, the export sector fetched a record \$55.56 billion in fiscal 2022-23 amid challenging conditions at home and abroad. The receipts are an increase of 6.67 per cent from a year earlier, according to data from the Export Promotion Bureau. However, the Consumer Price Index rose 9.02 per cent in 2022-23 against the government's revised target of 7.5 per cent. This was the highest average inflation



## Corporate victim stigma!

**MAHTAB UDDIN AHMED**  
Incidentally, in the last few months, I had the privilege of spending time with a few top executive-level friends who shared their experiences of being victims of corporate politics. In most cases, their bosses used them as scapegoats to protect themselves. While each story was unique, they all had one thing in common: they all decided not to fight back for fear of the corporate stigma. If this is the natural instinct of corporate leaders, then imagine what it takes for rape victims to come forward and seek justice. Our society and corporate world are more ruthless to the victims than the criminals! Watching a movie recently on a rape victim's fear of stigma, I was struck by the similarity between a corporate victim and a rape victim, although the magnitude of rape as a crime is no comparison. But corporate victimisation can also leave one with long-lasting reputational damage that can stunt a corporate career, if not damage it, ultimately. Regarding workers' rights, Bangladesh has been rated one of the worst consecutively for the last eight years, according to the ITUC Global Rights Index. The principal reason for this is the fear factor among workers - the fear of losing one's job, damage to reputation and career growth, and, most importantly, not getting justice in the end.

It is essential to look at why workers shy away from standing up to injustice in Bangladesh. The reasons include the lack of adequate laws to protect workers and senior executives, the lack of implementation of whatever laws exist and the delay in justice. Those who dare to resort to legal means for justice often have to wait 10 to 20 years if they are lucky, by which time the corporate criminals leave the organisation and sometimes even the country. In most cases, the battle of the victim is not against the company but the so-called corporate criminals.

Seeking legal justice comes at a price. The victim finds himself/herself cornered, if not ostracised, not only in the corporate circle but also in society. Many are quick to judge and find faults with the victims instead of standing beside them.

Unfortunately, there are no support groups and organisations to lend a hand to corporate victims. And I am sure that none of you, like me, have ever heard of any corporate leader standing up in support of a victim publicly.

According to the Harvard Business Review, millions of people face abusive supervisors and bullies at work. These employees are targets of ridicule, threats, or demeaning comments by their manager regularly, resulting in stress, depleting productivity and commitment to the job and the organisation at large.

In essence, employees start to believe that "this is how it's done around here," and this belief manifests itself in a toxic environment that tolerates abusive acts.

Losing your job due to corporate politics can be a frustrating experience. What is essential is to remember that you are not alone, and there are steps you can take to cope with the situation and move on to a brighter future.

Allow yourself to grieve, talk to someone you trust, and document the situation, which can be helpful if you decide to file a lawsuit against your former employer. Research new career opportunities, actively work on networking with people with a brave front, and demonstrate the "never give up" attitude. Last but not the least, take care of yourself.

Bangladesh has produced many world-class leaders at home and abroad. Protecting Bangladesh's corporate victims would require a collective effort from the government, trade bodies, NGOs or any other forum to ensure that we do not get rated as one of the worst in the world again. Remaining silent means, you are paving the way for others, complying with a negative norm and may become the next victim.

*The author is founder and managing director of BuildCon Consultancies Ltd*

**The DSEX, the key index of the Dhaka Stock Exchange, was 0.25 per cent higher at the end of the week, while turnover rose 21 per cent to Tk 717 crore.**

# IBBL, Agrani, Al-Arafah top remittance recipient banks in FY23

**AKANDA MUHAMMAD JAHID**

Islami Bank Bangladesh Ltd (IBBL) retained the top spot among the lenders bringing remittance to the country in the just-concluded fiscal year, data from the central bank showed.

Migrant workers sent home \$21.61 billion in 2022-23 through 53 state-owned, private and foreign banks, up from 2.75 per cent a year earlier.

Of the total, 18.13 per cent of remittance came through state-owned commercial and specialised banks and 81.49 per cent via private commercial lenders.

Shariah-based IBBL channelled \$4.71 billion in FY23, the highest among all banks, while state-run Agrani Bank came second by bringing in \$1.32 billion.

Al-Arafah Islami Bank Ltd crossed the \$1 billion mark for the first time in its history, when it comes to channeling remittance. Migrant workers transferred \$1.03 billion through the bank, which placed it in the third position among the lenders.

Expatriates sent more than \$800 million through the bank in FY2021-22, said an official of the bank.

"Our automated banking system, convenient service and agent banking operation with more than 1,000 service points across the country helped us hit the milestone."

Dutch-Bangla Bank and Pubali Bank were in the fourth and fifth positions, channelling \$0.98 billion and \$0.97 billion, respectively.

City Bank's receipts stood at \$0.93 billion while Sonali Bank brought home \$0.85 billion and Mutual Trust Bank channelled \$0.83 billion. Some \$0.78 billion came through Trust Bank and \$0.68 billion via

Janata Bank.

Beneficiaries of remittance in Bangladesh receive a 2.50 per cent cash incentive on top of the market-determined exchange rate for any amount of funds transferred.

In order to boost foreign currency inflows, the Bangladesh Bank has implemented measures to ease fund transfers through internet banking for remittances and removed restrictions.

**Al-Arafah Islami Bank crossed the \$1-billion mark for the first time in its history, when it comes to channeling remittance. Migrant workers transferred \$1.03 billion through the bank, which placed it in the third position among the lenders.**

The move is aimed at bringing more remittance through official channels as nearly half of the funds sent to Bangladesh by migrant workers are routed via illegal hundi operators since they offer better US dollar rates.

Usually, local beneficiaries receive a 3 to 5 per cent higher rate when remitters send funds through the illegal cross-border money transfer system.

Speaking to The Daily Star, Syed Mahbubur Rahman, managing director of Mutual Trust Bank Ltd, said, "As a bank, we are pushing for more remittance through the banking system."

"As a part of this, we have partnered with

financial technology companies, so the transfer of funds through official channels is going up."

According to the government, more than 10.74 lakh migrant workers went abroad in FY23, the highest in a single year. In 2021-22, some 9.07 lakh Bangladeshis left the country in search of jobs in other countries.

At present, more than 1.49 crore Bangladeshi migrants are working in 176 countries, according to budget documents of the government.

Mutual Trust Bank's Rahman said a sizable number of workers went abroad last year, which will positively impact remittance flow in the coming months.

However, the ongoing recession fears globally as well as higher inflation might have affected the remittance inflows, he said.

"In order to encourage remitters to increase the use of formal platforms, we can pursue both sending and receiving ends persistently."

"Even, we can think of launching some products such as home loans for remitters," he said, adding that various awareness-raising programmes should be rolled out for both expatriates and beneficiaries.

The noted banker also said a market-driven rate of the dollar should be ensured for a sustainable remittance flow.

According to a recent World Bank report, a wide gap in formal and informal exchange rates has been one of the factors behind the sharp fall in the foreign exchange reserves in Bangladesh as it shifts remittances from official channels to unofficial routes.

In Bangladesh, a one-per cent deviation between the formal and informal exchange rate shifts 3.6 per cent of remittances from the formal to the informal sector, it noted.

rate in 12 years, according to the Bangladesh Bureau of Statistics.

Migrant workers sent home \$21.61 billion in remittance in the just-concluded fiscal year which was 2.75 per cent higher than that in the previous fiscal year, according to the Bangladesh Bank data.

The macroeconomic data have put some impact on the stock market, especially on the companies that are export-based, and they fared better during the week, said a top official of a brokerage firm.

However, the DSEX edged down 1 point, or 0.02 per cent, to close at 6,334 yesterday.

The DS30, the blue-chip index, decreased 0.06 per cent to 2,151 while the DSES, the Shariah-compliant index, went up 0.05 per cent to 1,375.

However, turnover, a key indicator of the market, inched up 1 per cent to Tk 899 crore.

Of the securities, 85 advanced, 108 declined and 175 did not show any price movement.

READ MORE ON B2

## Dhaka chamber signs deal with DSCC on trade licence renewal

**STAR BUSINESS REPORT**

Members of the Dhaka Chamber of Commerce and Industry (DCCI) can now enjoy online facilities for renewing the trade licence of their businesses registered with the Dhaka South City Corporation (DSCC).

Besides, their trade licenses will remain valid for a period of one to five years, doing away with the hassle of having to renew them annually.

Effective from July 1, the DSCC and DCCI yesterday signed a memorandum of understanding (MoU) to this end at the latter's office in Motijheel, Dhaka.

After the signing, DSCC Mayor Sheikh Fazle Noor Taposh said they aim to provide extended services to members of the DCCI and thereby improve the ease of doing business in Bangladesh.

"The MoU is a milestone initiative in public private partnerships to steer economic development in the country," he added.

Taposh also said that even though the provision for renewing trade licenses by up to five years exists on paper, there was no practical implementation until now.

He informed that without increasing any of the trade license fees or holding tax, the DSCC made a profit of about Tk 524 crore in the last three years.

The DSCC mayor then inaugurated the online trade license renewal process at DCCI, handing over renewed licenses among DCCI members on the spot.

READ MORE ON B2

## CHINA'S METAL EXPORT CURBS

# Global companies hunting for stable suppliers

**REUTERS**

China's decision this week to restrict exports of some strategic metals has prompted more companies to re-think their reliance on the world's No. 2 economy at a time when mounting geopolitical tensions have fed fears that more curbs could be coming.

In a move that a top Chinese trade advisor warned was "just a start," Beijing said on Monday it would limit exports of products made from the minor metals of gallium and germanium to protect national security. That followed the US decision to impose export restrictions to curb China's access to key technologies used for artificial intelligence (AI).

The products China cited are used in semiconductors, defense technology and other high-tech industries. While the chipmaking metals account for relatively modest levels of export, China's move reignited calls across the globe for "de-risking," or finding other countries besides China for processing and sourcing key components used in a wider range of goods such as electric vehicle batteries.

"These actions underscore the need to diversify supply chains," a US Department of Commerce spokesperson

said in a statement. "The United States will engage with our allies and partners to address this and to build resilience in critical supply chains."

In a separate but related industry, China has about one-third of the world's rare earth reserves, key to production

of EV batteries and electronics. It has at least 85 per cent of the world's capacity to process rare earths into material manufacturers can use, a capability other countries want to develop.

"China produces most of these raw materials but I'd argue blocking

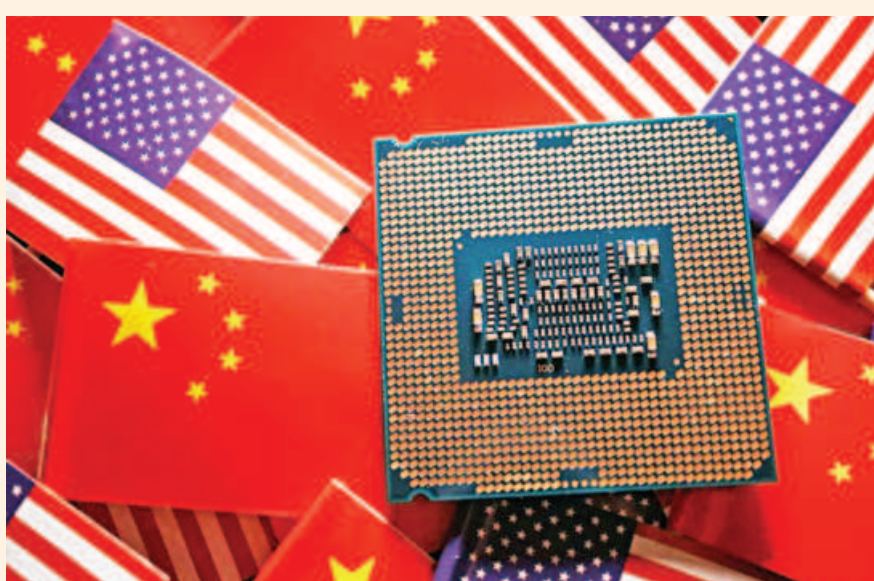
exports would also mean they will lose revenue and force the rest of the world to find alternative sources," said Stewart Randall, who tracks China's semiconductor sector at Shanghai-based consultancy Intralink.

China has been the go-to for companies because it is able to export processed minerals at a lower cost than other countries. If prices rise as restrictions take hold, however, companies would have another reason to shift supply chains.

Netherlands-based Nyrstar, majority owned by trading and logistics company Trafigura, said it was looking at germanium and gallium projects in Australia, Europe and the United States to help ease shortages created by China's curbs.

Sweden's Ericsson said it always aims to have a diversified supplier base and "as a next step we will make an in-depth analysis of the effect of these measures, and the implications on Ericsson."

China's announcement came just ahead of a visit to Beijing by US Treasury Secretary Janet Yellen. The metal curbs are likely to further strain US-China relations as the countries vie for dominance in key sectors of semiconductors and defense technology.



A CPU semiconductor chip is displayed among flags of China and US. PHOTO: REUTERS