BGMEA, Green Power sign MoU for green garment factories

Technical support will be provided for energy efficiency

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has signed a memorandum of understanding (MoU) with Green Power Ltd to help garment factories become more energy efficient with green and clean sources of energy.

Green Power will provide technical support to BGMEA factories in case of adoption of green and clean energy, including solar power, and help them become energy-efficient, the BGMEA said in a statement.

To that end, they will also conduct a reconnaissance survey of interested member factories to find options available to incorporate any reliable, low-cost and cleaner sources of power with possible installation of solar power and battery energy storage system based on day-load curve of their enterprise.

Faruque Hassan, president of BGMEA, and Shaikh Ehsanul Habib, managing director of Green Power, inked an MoU in this regard at the BGMEA Complex in Dhaka.

Md Moshiul Azam Shajal, former vice president of BGMEA, and ANM Saifuddin, chair of BGMEA standing committee on labour and ILO affairs, also attended the MoU signing ceremony.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, and Shaikh Ehsanul Habib, managing director of Green Power Ltd, exchanged signed documents of a memorandum of understanding at BGMEA Complex in Dhaka yesterday. PHOTO: BGMEA

Surprise growth helps Singapore avoid recession

AFP, *Singapore*

Singapore's economy grew more than expected in the second quarter, data showed Friday, helping it avoid a recession, but analysts warned the trade-dependent city faced headwinds owing to weak overseas demand.

The Southeast Asian nation's performance is often seen as a barometer of the global environment because of its reliance on international trade.

Official data showed the economy expanded 0.3 per cent quarter-on-quarter in April-June, having shrunk 0.4 per cent in the previous three months. It had been tipped to contract 0.2 per cent in a Bloomberg survey.

That meant it dodged falling into a technical recession, defined as two successive quarters of contraction.

On a year-on-year basis the economy grew 0.7 per cent, according to trade ministry estimates, after 0.4 per cent expansion in January-March.

The surprise reading came even as manufacturing, a pillar of the economy that covers key semiconductor exports, dropped 7.5 per cent on-year, worsening from the 5.3 per cent decline in the first quarter.

"The economy avoided a technical recession in the second quarter but we continue to expect growth to come in well below consensus this year as elevated interest rates and weaker external demand weigh heavily on economic output," research house Capital Economics said in an analysis.

Iftekhar Ahmed Tipu, chairman of IFAD Group, cuts a cake at the plant in Dhamrai yesterday celebrating a milestone of 10,000 commercial vehicles manufacturing. PHOTO: IFAD GROUP

IFAD Autos hits milestone in manufacturing vehicles

STAR BUSINESS DESK

IFAD Autos Ltd, a commercial vehicle manufacturing and marketing company in Bangladesh, recently reached the milestone of producing 10,000 Ashok Leyland branded vehicles at its Dhamrai factory.

Iftekhar Ahmed Tipu, chairman of IFAD Group, yesterday cut a cake to celebrate the milestone at the plant in Dhamrai adjacent to the Dhaka-Aricha highway, said a press release.

Tipu branded the day as a special joy for IFAD Group.

"Because of the country's overall condition, adding and producing heavy vehicles was a big challenge. With proper planning, hard work, and united efforts of all concerned, IFAD Autos has won the challenge. In the future, IFAD Group will be ahead in manufacturing any vehicle with modern technology," he said.

"Bangladesh had made revolutionary progress in the last few years in heavy commercial vehicles. The increased import to meet the rising demand for commercial vehicles costs considerable foreign currency. For this reason, IFAD Autos built this factory in Dhamrai," Tipu added.

The company started vehicle production at the factory with technical support from India's Ashok Leyland in early 2017. It now assembles top-notch AC, non-AC luxury buses, trucks, and covered vans of the Indian brand.

Ukraine logs $8.97b trade deficit in Jan-May

REUTERS, *Kyiv*

Ukraine's trade deficit grew to $8.97 billion in the first five months of the year compared with a deficit of about $1 billion posted in the same period a year ago, the statistics service said on Friday.

It said in a statement that exports of goods were $16.45 billion from January to May, while imports were reached $25.42 billion in the first five months of 2023.

Analysts said that continued growth in imports was a sign of economic resilience during Russia's war on Ukraine as businesses were bringing in the necessary goods to continue operations.

The data showed that imports grew by about 24 per cent from January to May and machine-building products and energy equipment were among the most popular items to bring into Ukraine.

However, Ukrainian exports continued to shrink, falling by 15.6 per cent from January to May compared with the same period a year ago. The largest fall of 60.6 per cent was in exports of metals and steel products as Ukrainian Black Sea ports - the main shipping routes for steel exports before the war - have continued to be blocked following Russia's invasion.

UCB to widen retail, SME lending

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loans were not accurately classified during that period.

When businesses started to recover from Covid-19 shocks helped by low-cost stimulus loans and favourable rescheduling schemes, the start of conflict between Russia and Ukraine disrupted global supply chains, leading to an increase in the cost of imported raw materials. In addition, the shortage of foreign currencies and the problem in opening new LCs resulted in decreased export earnings of many large corporate companies in Bangladesh.

Furthermore, the power shortage cut production levels and the fuel price hike impacted transportation costs, thereby affecting the overall cost of businesses. This eventually affected manufacturers and exporters, resulting in decreased production and slowing export earnings.

The rise in production costs made it extremely challenging for corporates and SMEs to operate profitably, subsequently hampering their ability to repay loans and causing a surge in NPLs in recent years.

UCB is an old bank and has got a lot of legacy. Sometimes in the past, rules were not properly followed to provide loans and there had not been proper monitoring.

We are forming a task force to monitor loans that are turning bad. We are assigning an individual and talking directly to borrowers to ensure repayments are in line with Bangladesh Bank rules. This is giving good returns.

We are focusing on small loans where the turnover is high and the recovery is good. We are opening LCs for small clients who can't do the same in other banks.

DS: As the number of banks in Bangladesh is high, why do customers keep money at your bank? What are your key strengths?

Quadri: UCB has several key strengths that set it apart from others. It is an old bank and its reputation has widened in the last few years, locally and internationally.

We have lending arrangements with the International Finance Corporation and the Asian Development Bank. They don't give anything to us at our face value but rather on the basis of the strength of the balance sheet.

> **"We place a strong emphasis on customer satisfaction. We have also one of the largest ATM networks, a lot of sub-branches and agent banking outlets. We have a lot of points of sale at stores and these are very efficient," the UCB managing director said.**

Our management is very strong and honest and has integrity. The interference of the board in our day-to-day work is minimal. Management can work freely. Our board is also considerate to improve the health of the bank. This is the strength. We have come to a position in 40 years where people say UCB is a good bank.

We place a strong emphasis on customer satisfaction. We have also one of the largest ATM networks, a lot of sub-branches and agent banking outlets. We have a lot of points of sale at stores and these are very efficient.

We are advanced technologically and we have one of the highest investments in technology among banks. We are focusing on digitalisation to improve efficiency and provide better services.

DS: What are the strategies the bank has taken to attract deposits and borrowers?

Quadri: UCB offers competitive interest rates on various deposit products to attract savings. By providing attractive returns and flexible deposit options, we aim to incentivise customers to choose their bank for depositing their funds.

We have diversified deposit products, including recurring deposits, and specialised deposit schemes. By offering deposit options, we cater to the preferences and financial goals of different customer segments.

We emphasise building strong relationships with customers. We engage with clients, understand their financial requirements, and offer personalised solutions to foster long-term relationships and enhance customer loyalty.

UCB has streamlined loan approval processes by minimising paperwork and ensuring quick turnaround times so that borrowers get hassle-free and timely financing solutions. We also offer a range of loan products tailored to the specific needs of different customer segments.

We also focus on responsible lending through credit risk assessment. Based on the thorough analysis of borrowers' creditworthiness, income, collateral, and repayment capacity, UCB aims to maintain a healthy loan portfolio while minimising credit risks.

These strategies collectively contribute to UCB's efforts in attracting deposits and acquiring clients for lending, which ultimately support growth and profitability.

Russia plans

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May and July that already total 500,000 barrels per day.

July oil loadings from western ports, such as Primorsk and Ust-Luga in the Baltic Sea and Novorossiisk in the Black Sea, are set to fall to 1.9 million bpd this month compared to 2.3 million bpd in June and 2.4 million bpd in May.

Russia exports oil and products via the Pacific and a direct pipeline to China as well as its European ports. Its export plans via eastern export routes are not yet available.

Three sources familiar with the matter told Reuters that Russia had instructed oil companies to reduce supply plans for the next month.

Its energy authorities held a meeting with the companies' top managers earlier this week, asking them to make more efforts to guarantee lower exports in August.

A spokesperson for Russian Deputy Prime Minister Alexander Novak, who is in charge of Moscow's relations with Opec+, did not reply to requests for comment.

Novak said on Thursday that Russian companies themselves would decide whether to cut oil production in August, but that Russia's task was to reduce supplies to world markets.

Russia's total crude and products exports are estimated at up to 7 million bpd, but data has been secreted since the country's actions in Ukraine, which Moscow calls special military operation.

Prior to Russia's announcement of plans to reduce overseas supplies, Opec+ was only managing oil production, not exports.

Igor Sechin, a powerful head of Russia's largest oil producer Rosneft, first hinted at the need to reduce exports as well as output last month.

Russian offline primary oil refining capacity is seen rising by 40 per cent in August from July, making additional oil export cuts next month even tougher for many.

If Russia wants to cut oil exports in August from July, companies may postpone some planned works to autumn months to increase domestic oil consumption, or cut oil production, traders said.

Over 37,000 clients unsure

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The insurer's current and special notice deposit reserves were Tk 58.79 crore and Tk 58.56 crore in 2020 and 2021, respectively.

A special notice deposit account is an interest-bearing deposit account where advance notice is required for withdrawal.

Insurers have to set aside provisions against unsettled claims.

But according to the financial statement for 2021, the provision amount was Tk 4.14 crore, way lower than the actual unsettled claim amount.

Idra documents described it as a fake surplus, saying if the insurer had kept aside provisions against unsettled claims as per standard accounting practices, there would not have been any surplus.

On the back of the surplus fund, it paid dividends to shareholders, the regulator said, the dividend was given without complying with rules.

In addition, the directors of Homeland took Tk 40,000 instead of Tk 8,000 for attending a board meeting. From 2015 to 2022, the directors took an additional Tk 3.10 crore to this effect.

The company started its journey in 1996 but is yet to be listed on the capital market, a violation of rules. The company will have to pay a fine of Tk 3.88 crore for breaching the laws.

According to the Idra, the ratio of the policies that lapsed in the second year stood at 68 per cent, 62 per cent and 66 per cent in 2019, 2020 and 2021, respectively.

Some 72 per cent of the policies that were in their third year lapsed in 2019 and it was 80 per cent in 2020, it said, adding that only a small number of policies reached maturity.

Of the 2,980 agents, the licences of 2,903 expired.

NEW DIRECTIVES

The Idra issued a series of directives on June 13 to address the company's ongoing crisis with a view to protecting policyholders' interests.

The insurer has been asked to submit a business action plan for the next three years and raise the policy renewal rate to at least 60 per cent in the second year.

Currently, the policy renewal rate is around 30 per cent, according to an official of Homeland Life Insurance.

The regulator has asked the insurer to bring down management expenses within the permissible limit, adjust the additional management expenses for 2023 by the remainder of the year, and take the appropriate initiative to increase the life fund.

The unsettled insurance claims have to be properly provisioned and legal actions have to be taken against the people linked with the fund embezzlement after carrying out a probe, the directive added.

The insurer was ordered to settle all claims by June this year.

Homeland's Mondal, however, says it is not possible to settle all claims as per the Idra's directive.

"Currently, the company has assets worth Tk 81 crore that can be liquidated. So, the insurance claims involving Tk 79 crore have not been settled," he said, adding that some policy-holders got Tk 2 crore against their claims in May and June.

Mohammad Zainul Bari, chairman of the Idra, said there is internal conflict between the directors of the company.

"Instructions have been given to run the company properly so that the interests of the policyholders are not compromised. We are closely monitoring their activities."

Kamal leaves

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and lead a delegation, according to a press release of finance ministry.

India, the host country, included Bangladesh and eight other nations from different parts of the world in the summit as guest nations this year.

The finance minister is expected to highlight what is needed to do to face the current global economic crisis and Bangladesh's economic progress.

He will also attend bilateral meetings with finance ministers of different countries, according to the press release.