DHAKA TUESDAY JULY 18, 2023, SRABAN 3, 1430 BS O starbusiness@thedailystar.net

AT A GLANCE

START

in FY23

Bangladesh's exports to India stood at \$**2**b

Official import from India was \$**18**b in

Bangladesh, India

from July 11

began trade in rupee

SUNIN



Bangladesh and Japan will soon discuss the findings of a joint study on signing the proposed Economic Partnership Agreement (EPA) for furthering trade and investment between the two countries.

Yasutoshi Nishimura, the minister for economy, trade and industry of Japan, is scheduled to visit Dhaka on July 23, according to Yuji Ando, country representative of the Japan External Trade Organization (Jetro).

visit, his During Nishimura will participate in a business summit on Bangladesh-Japan trade, to be held at the Sonargaon Hotel in Dhaka.

Besides, he will meet Commerce Minister Tipu

> **During his** visit, Nishimura will participate in a business summit on Bangladesh-Japan trade to be held in Dhaka

Munshi to hold talks on the joint study, which was launched in December last year, Ando said.

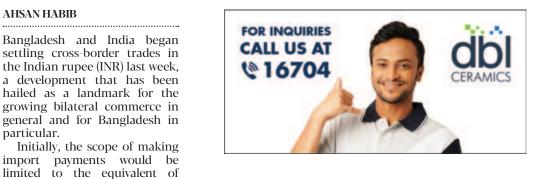
The EPA covers not only tariff rates, but also trade and investment components.

April, the two In countries signed a memorandum of on the understanding proposed EPA during the visit of Prime Minister Sheikh Hasina to Japan.

Formal negotiations on the EPA will start after finalisation of the joint study.

Bangladesh is the 19th equivalent to only Bangladesh's country to trade in export amount rupee BANKS IN BANGLADESH BANKS IN INDIAN **PROCESS OF** Import payment will be made in Bangladeshi PART PART banks will open TRANSACTION nostro accounts rupee from the Sonali Bank, Eastern Bank, ICICI Bank, balance amount in with Indian SBI Bangladesh Proceeds from For import from banks the nostro accounts Bangladesh's India, LCs will be 🖈 **BENEFITS FOR BANGLADESH BENEFITS FOR INDIA** exports will be 🔶 opened deposited in the in Bangladeshi Pressure on Rupee's Trade Trade Exchange Export Net nostro accounts in banks settlement conversion to India demand *i* acceptability forex reserve with rupee Bangladesh will may ease for US time will cost may dollar will come will be : rise slightly in expand will be the long run fall easier down lower **TRADE WITH INDIA IN RUPEE** How much will

Bangladesh benefit?



Bangladesh's export earnings of This means it might not India (SBI). The proceeds will be Mansur, a noted economist. immediately give a boost to used to facilitate Bangladesh's

nostro accounts opened with trades and this will bring benefit ICICI Bank and State Bank of in the future," said Ahsan H Before the addition of the

when it comes to alleviating the pressure on the reserve. "This is because Bangladesh

RECOMMENDATIONS

India

LIMITATIONS

SBI

Trade in rupee would be

Reduce trade imbalance

by increasing export to

New line of credit from

India should be made available in rupee

will receive rupees instead of US dollars against export proceeds since India will make payments in their currency to settle imports as well."

The trading arrangement will be beneficial for the businesses that import from India and export to the country. Besides, trade costs will be lower for them, said Mansur.

Mansur, also the executive director of the Policy Research Institute of Bangladesh, a private

Bad news for wheat market as Russia pulls out of grain deal

🙆 Prime Bank

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010

BANKING HOUR WITH 🙆 MyPrime

Bangladesh's wheat market may see fresh volatility after Russia pulled out of a United Nations and Turkey-brokered deal that could turn the global grain market unstable, importers warn.

Yesterday, importers called the development a matter of concern for Bangladesh. Russia and Ukraine meet 40 per cent of the country's wheat demand.

Russia has informed the UN, Turkey and Ukraine that it will not renew the deal, which allowed Ukraine to export grain through the Black Sea.

Abul Bashar Chowdhury, chairman of BSM Group, said the market condition will worsen in the coming days

The deal, which was reached in July and was renewed every two months, aimed to alleviate a global food crisis by allowing Ukrainian grain blocked by the Russia-Ukraine conflict to be exported safely. The deal expired on Monday.

The latest move comes after Russia had been saying for months that conditions for its extension had not been fulfilled.

"In fact, the Black Sea agreements ceased to be valid today (Monday)," said Kremlin spokesman Dmitry Peskov, according to Reuters.

"Unfortunately, the part of these Black Sea agreements concerning Russia has not been implemented so far, so its effect is terminated."

Due to the suspension of the deal, the price of wheat increased by \$10 to \$15 per tonne in international markets yesterday, said Md Aminul Islam, managing director of Nabil Group, one of the largest importers of wheat.

READ MORE ON B3





Nishimura is also scheduled to hold meetings with members of the Japanese Commerce and Industry Association in READ MORE ON B3

Bangladesh's foreign currency reserve, whose level fell by about 30 per cent in the past one year owing to higher import bills lower-than-expected against export and remittance earnings. As per new arrangements, cut the cost of business. Bangladeshi exporters will receive their proceeds in the rupee in the

around \$2 billion from India.

AHSAN HABIB

particular.

import transactions with India. move as a welcome step, saying it dependency on the US dollar, and

currency to settle international

rupee to the list of currencies used Trade analysts describe the to carry out cross-border trades, Bangladesh settled trades in the would deepen trade ties between US dollar, the pound sterling, the two neighbours, reduce and the euro, with the American greenback dominating.

Mansur said the addition of benefits immediately, especially

think-tank, however, says local businesses may attract more customers which will raise Bangladesh's exports to India.

Bangladesh's scope to open letters of credit has been squeezed to some extent owing "Bangladesh has found a new the rupee will bring no major to the fall in the forex reserve.

READ MORE ON B2



Internet banking transactions hit nearly Tk 50,000cr

SOHEL PARVEZ

Internet banking transactions reached a record high amount of **TRANSACTION** nearly Tk 50,000 crore in May, signifying the enhanced cost and time savings and convenience enabled over visits to brick-andmortar branches for a growing number of bank account holders.

The transactions soared 142 per cent year-on-year to Tk 49,930 crore, showed the latest Bangladesh Bank (BB) data.

On a month-on-month basis, it was a growth of 12 per cent.

This is also threefold the amount recorded in the whole of fiscal year 2014-15.

The all-time high also reflects customers increasingly switching to electronic fund transfers and banks focusing investments on developing technology to provide faster and hassle-free services.

"We see a spectacular increase in internet banking because it helps people do banking staying at home," said Md Mezbaul Haque, executive director of the BB.

"We are promoting digital transactions and banks are also showing interest as going electronic is cheaper than conducting transactions through ATMs," he said.

"Many banks did not have any mobile app. Now more than 40 banks have apps to facilitate customers in carrying out banking digitally," he added.

TREND OF INTERNET BANKING

In crore taka; SOURCE: BB

11,384 ŝ 9 ഗ് May '20 May '21 May '19

> Now customer literacy and awareness are needed as people are showing interest and banks are promoting electronic banking, said Haque.

> To encourage digital banking, the central bank has extended regulatory support from time to time by increasing transaction limits for clients.



bankers earlier.

The rollout of Bangladesh Real Time Gross Settlement (BD-RTGS) and Bangladesh Electronic Funds Transfer Network (BEFTN) by the BB and increased use

of smartphones also helped popularise digital banking, said

There has been a massive growth in utility bill payments and

mobile top-ups through digital banking, said Mohammad Ali. managing director and CEO of Pubali Bank Ltd.

"Paying utility bills was a hassle. Now many people pay bills through mobile financial services by transferring money from their bank accounts," he said.

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DHAKA TUESDAY JULY 18, 2023 SRABAN 3, 1430 BS The Daily Star

Bank Asia holds 500th board meeting

STAR BUSINESS DESK

The 500th meeting of the board of directors of Bank Asia Ltd was held at the Sheraton Dhaka in Banani last week. Romo Rouf Chowdhury, chairman of the bank, presided over the meeting, said a press release.

Rumee A Hossain, chairman of the board executive committee of the bank, Zakia Rouf Chowdhury, Romana Rouf Chowdhury, Enam Chowdhury, Md Abul Quasem, and Helal Ahmed Chowdhury, directors, were present.

Dilwar H Choudhury, chairman of the board audit committee, Ashraful Haq Chowdhury and Nafees Khundker, directors, virtually joined the meeting.

Adil Chowdhury, president and managing director, and SM Anisuzzman, company secretary, along with other senior officials were also present.



Romo Rouf Chowdhury, chairman of Bank Asia, poses for photographs with directors and high officials of the bank at their 500th board of directors' meeting at the Sheraton Dhaka in Banani last week. PHOTO: BANK ASIA



ASM Shahidullah Khan, chairman of One Bank, cuts a cake at the bank's corporate head office in Dhaka recently to celebrate its 24th founding anniversary. PHOTO: ONE BANK

Southeast Bank organises agent banking confce

STAR BUSINESS DESK

Southeast Bank Ltd recently organised the "Southeast Bank Agent Banking Half-Yearly Conference 2023" for Chattogram division.

Nuruddin Md Sadeque Hossain, managing director of the bank, inaugurated the conference as the chief guest, said a press release.

All the partners of agent outlets of the bank's agent banking in the Chattogram division participated in this conference along with other officials of the bank.

The conference reviewed the overall in-depth progress of Southeast Bank's agent banking operations in the first half of the year and then discussed various policies to achieve the business goals for the remaining half of the year.



Nuruddin Md Sadeque Hossain, managing director of Southeast Bank, poses for photographs with participants of the conference styled "Southeast Bank Agent Banking Half-Yearly Conference 2023" for Chattogram division recently. PHOTO: SOUTHEAST BANK

Pran Dairy signs deal with Rakub to assist farmers

STAR BUSINESS DESK

Pran Dairy Ltd signed a deal with Rajshahi Krishi Unnayan Bank (Rakub) on supply chain finance to assist the dairy farmers of the north-western part of Bangladesh.

Niranjan Chandra Debnath, managing director of Rakub, and Uzma Chowdhury, director (corporate finance) of Pran-RFL Group, signed the deal at the latter's head office in Badda, Dhaka last week, said a press release.

Under the deal, farmers will get money of Rakub, Ahsan Khan Chowdhury, in their bank account after providing chairman and chief executive of Pranmilk to Pran Dairy. Besides, if farmers RFL Group, and high officials of both the show interest in establishing a dairy organisations were present.

farm, they will get the desired loan from the bank.

"This initiative will help our dairy sector go ahead. Under the deal, dairy farmers and milk processors will be beneficial," said Debnath.

"Rakub will support in providing the working capital. Pran will be able to process a large amount of milk obtained in flash season and convert it into powder milk which will help us meet the demand during the lean season," said Chowdhury. Raisul Alam Mondal, chairman

Dollar hovers around 15-month low

REUTERS, London/Sydney

BUSINESS

The dollar edged lower on Monday against a basket of currencies after suffering its biggest weekly drop of the year as traders waited on economic data and policy decisions before selling it down any further.

The euro continued climbing, rising 0.1 per cent to \$1.1234, after hitting a fresh 16-month high earlier in the day. Versus the yen the dollar fell 0.28 per cent to 138.36 yen per dollar, after touching its lowest against the Japanese currency in two months on Friday.

"Last week's US disinflation shock altered the FX landscape, but a few days without key data releases will tell us whether that impulse can keep the dollar on the back foot as the FOMC risk event draws nearer," Francesco Pesole, FX strategist at ING. said.

"Euro/dollar appears a bit overstretched in the short term and could face a correction this week, he added.

Last week's US inflation data fuelled investors' bets that the Federal Reserve was close to the end of its rate hike cycle, and the dollar index had its biggest weekly decline since November 2022, falling 2.25 per cent on the week.

US producer prices barely rose in June and the annual increase in producer inflation was the smallest in nearly three years, data showed on Thursday, a day after data showed consumer prices rose modestly last month.

Over in Germany, the Bundesbank said on Monday the euro zone's largest economy may shrink this year by more than the 0.3 per cent decline expected only a few weeks ago, despite a small bounce in the second quarter.

Industry-heavy Germany is bearing the brunt of a drop in global demand for goods - the result of higher borrowing costs dampening investment and people spending more on leisure, travel and other services in the aftermath of the pandemic.

Both the Fed and European Central Bank are expected to raise interest rates next week, but beyond that, market pricing implies the Fed will likely stop, before cuts next year, while in Europe another hike probably beckons.

2	PRICES OF KEY ESSENTIALS					
8						
Ber	PRICE	% CHANGES	% CHANGE			

	(JUL 17, 2023)	FROM A MONTH AGO	FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	-2.88 🔶
Coarse rice (kg)	Tk 48-Tk 50	0	-2 🔶
Loose flour (kg)	Tk 50-Tk 52	-4.67 🕇	24.39 🕇
Lentil (kg)	Tk 90-Tk 100	0	-11.63 🔶
Soybean (litre)	Tk 162-Tk 165	-4.39 🕇	-5.22 🔶
Potato (kg)	Tk 38-Tk 42	9.59 🕇	45.45 🕇
Onion (kg)	Tk 60-Tk 70	-10.34 🔶	36.84 🔶
Egg (4 pcs)	Tk 46-Tk 50	3.23 🕇	23.08 🕇

One Bank celebrates 24th founding anniversary

STAR BUSINESS DESK

One Bank Ltd recently celebrated the director, and Md Monzur Mofiz, 24th anniversary of its operation in the managing director, along with senior banking sector of Bangladesh.

ASM Shahidullah Khan, chairman of the bank, cut a cake at the bank's corporate head office in Dhaka to celebrate the founding anniversary, said a press release.

Shawket Jaman, director of the bank,

Former Chief of Naval Staff Admiral Aurangzeb Chowdhury, independent executives of the bank were present. The bank began its journey on July 14,

1999 as a private commercial bank.

Currently, the bank runs its banking activities across the country with 111 branches, 171 ATM booths, 39 subbranches and 17 collection booths.



PHOTO: PRAN-RFL GROUP

Niranjan Chandra Debnath, managing director of Rajshahi Krishi Unnayan Bank, and Uzma Chowdhury, director (corporate finance) of Pran-RFL Group, exchanged signed al on supply chain finance to assist the dairy farmers of



House Building **Finance** opens six branches

STAR BUSINESS DESK

Bangladesh House Building Finance Corporation (BHBFC) recently opened six branches in as many districts across the country.

The new branches are in Barguna, Meherpur, Nilphamari, Narail, Sariatpur and Bandarban. The staterun BHBFC now has branches in every district of the country.

Md Abdul Mannan, managing director of the institution, virtually inaugurated the branches from the corporation's headquarters in Dhaka, said a press release.

High officials of the corporation were present at the programme.



Md Abdul Mannan, managing director of Bangladesh House Building Finance Corporation, virtually inaugurates six branches in six different districts across the country from the corporation's headquarters in Dhaka recently. PHOTO: BHBFC

What happens when the Black Sea

FROM PAGE B4

The current global food crisis, however, is far from over. The WFP said last month that multiple emergencies had overlapped creating the largest and most complex hunger and humanitarian crisis in more than 70 years

Ín 2022, a record 349 million people experienced acute hunger and 772.000 teetered on the edge of famine, the WFP said in an annual review.

What is the state of global food supplies?

Global corn stocks began the 2021/22 season at a six-year low and so Russia's invasion of Ukraine, one of the world's top corn exporters, led to a significant jump in prices.

A sharp increase in exports from Brazil, however, has since helped to boost supplies along with the export of nearly 17 million tonnes of corn through the corridor.

The US Department of Agriculture has forecast global corn stocks by the end of the $2\overline{023}/24$ season will be at a five-year high.

Global wheat stocks are tighter and are forecast to be at an eight-year low at the end of the 2023/24 season, USDA data shows.

What would it mean for the world food programme?

The WFP buys several million tonnes of food commodities every year of which about 75 per cent are grains.

In 2021, WFP purchases totalled 4.4 million tonnes with Ukraine its top source, providing 20 per cent of the total.

Ukraine mainly supplies wheat and split peas.

Most of the food goes to Africa along with some countries in Western Asia such as Yemen and so the WFP tends to source most supplies from eastern Europe, which is closer than major producers in North or South America.

The WFP has shipped 725,200 metric tonnes through the corridor. It will have to look elsewhere, potentially at a higher cost when a funding shortfall has already forced it to reduce activities in some countries.

What has been exported?

Under the pact to create a safe shipping channel, Ukraine has been able to export 32.9 million tonnes of agricultural products, including 16.9 million tonnes of corn and 8.9 million tonnes of wheat.

Before the conflict, Ukraine was exporting roughly 25 to 30 million tonnes of corn a year, mostly through the Black Sea, and 16 to 21 million tonnes of wheat.

The capacity to ship grain through the Black Sea under the pact has been limited by the inclusion of only three ports. For a full breakdown of the countries and quantities exported:

Why is Russia withdrawing from the pact?

Russia has repeatedly said it sees no reason to extend the deal. says commitments made to It remove obstacles to Russian food and fertiliser exports have not been fulfilled.

Moscow's demands have included reconnection of Russian the Agricultural Bank (Rosselkhozbank) to the SWIFT payment system.

How much will Bangladesh benefit?

FROM PAGE B1

The settlement of LCs in the rupee may solve the problem to some extent, Mansur said.

The growing trade in the rupee will help India make its currency a reserve currency, he added.

The US dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling are the reserve currencies.

Prof Mustafizur Rahman, a trade analyst, also said that trading in the INR would not bring much impact on the reserve level as a certain volume of US dollars will neither be added to the reserve nor leave it.

He said some global brands that have a presence in India may continue to purchase goods from Bangladesh in the USD.

Rahman, also a distinguished fellow at the Centre for Policy Dialogue, said the risk facing the taka will still be there since the INR may fluctuate.

He suggested attracting more lines of credit and more foreign direct investments in the rupee from the neighbouring country.

"Then it will benefit our economy." Atiur Rahman, a former governor

of the Bangladesh Bank, said the beginning of trade in the rupee is a very first but very important step for bilateral trade.

"If Bangladesh can increase its exports to India, the benefits of the mechanism will expand. So, Bangladesh needs to find out new avenues to export more to the neighbouring country."

If India offers a new line of credit in the rupee and the loan is used in settling LCs regarding fuels, it can lessen the pressure on the forex reserves to some extent, he said.

The former governor suggested using UPAS (Usance Payable at Sight) LC to import products from India. "This will reduce costs and popularise the system."

The BB rolled out UPAS LC, an import system carried out on the basis of buyers' credit, in 2012.

dollar. Instead, we are supplementing it," said Amit Kumar, country head of SBL

He said the benefits of trade in the INR are the reduction of net demand for the US dollar, the lowering of costs stemming from currency conversions, and cutting the processing time needed to carry out trades.

Kumar said a market-based exchange rate is beneficial for Bangladesh.

"The taka has depreciated steeply against the US dollar in the last one year. The rupee has not witnessed such a fall. So, settling of trades is good for Bangladesh."

The taka has depreciated by around 10 per cent against the INR in the past one year while it weakened by around 25 per cent against the USD. According to the SBI official, trading in the INR would be costefficient since hedging will not be involved. On the other hand, trades in the US dollar involve costs related to currency hedging, he said.

The move comes as India pushes to make the rupee a global currency. The Reserve Bank of India (RBI) has already put in place a mechanism to settle international trade in the currency.

The central bank of India has allowed banks from 18 countries to make payments in the rupee. The countries include Sri Lanka, Israel, Russia, Germany, Singapore and the UK. Now, Bangladesh has been included in the list.

"India wants to make the rupee a tradable currency. So, the launch of trade settlements with Bangladesh in the rupee is a good initiative from their perspective," said Mamun Rashid, a trade analyst.

He said the initiative is good but its effectiveness will depend on the private sector since exporters will decide whether they will accept their earnings in the rupee instead of the US dollar.

"In our previous experience with

"We are not going to replace the US China, we saw the Chinese private sector prefer the US dollar instead of the renminbi. So, it is important to see how the private sector in India reacts.

> He said the rupee and the taka have not fluctuated against the US dollar at the same pace, so a higher depreciation of the Bangladeshi currency may work in its favour.

> However, the rupee can also fluctuate, he said.

> The losses stemming from the currency conversion for Bangladeshi traders might still be there despite using the rupee.

> Usually, if an Indian buyer enters into a deal with a seller from Bangladesh, the former has to convert the rupee into the USD first. The Bangladeshi seller gets payments in the American currency and converts them into the taka to use them.

> Indian importers, who will use the rupee-linked mechanism, might not face any loss from conversion since their currency will be used during transactions. However, the risks remain for Bangladeshi companies since the rupee replaces the US dollar for them.

> Bangladesh's annual imports from India stand at around \$20 billion. So, the demand for the US dollar will be there among importers.

> Md Fazlul Hoque, a former president of the Bangladesh Knitwear Manufacturers & Exporters Association, says he is not sure how the mechanism will reduce the pressure on the forex reserve.

> He said most of the exporters except those in the agro-based sector are dependent on global markets for raw materials. And they will continue to need US dollars to purchase raw materials from other countries.

The central bank will have to be careful so that this group of exporters can't receive payments in the INR against their shipments to India since the reserve will fall if such happens, he said.

BUSINESS



Fishers are seen using nets to catch fry of giant freshwater shrimp, known as golda chingri in Bangladesh. The shrimplets will be sold to local hatcheries for about Tk 1.5 per piece. The picture was taken recently from Bhadra river in Batiaghata upazila of Khulna.

Govt gives nod to trial production of vannamei shrimp's postlarvae

STAR BUSINESS REPORT

The government has recently given goahead to the experimental production of postlarvae (PL) of vannamei shrimp as Bangladesh has started cultivation of the non-native variety eying higher yields.

This comes a few months after the government allowed commercial cultivation of the shrimp, also known as whiteleg shrimp, as its experimental farming in three farms of the southern coastal region showed severalfold higher yield than that of the locally farmed black tiger shrimp.

The experimental production would cut the import dependency for the postlarvae and raise its availability for the local farmers.

Desh Bangla SPF Hatchery, which is registered under the Department of Fisheries, will conduct experimental vannamei shrimp postlarvae production activities under biosecurity management, according to the department.

In order to carry out experimental vannameishrimp PL production activities, vannamei shrimp PL production and pursuing the government to allow



necessary steps to import SPF (specific of the same hatchery in fully confined pathogen free) vannamei shrimp brood.

According to the DoF, the experimental

conditions to avoid any contamination.

Frozen food exporters who had been

a decade cheered the decision.

The DoF, which had been unwilling to grant permission for its cultivation fearing negative impact on biodiversity and environment, started giving permission for experimental culture of the whiteleg shrimp in 2019.

Initially it allowed Shushilan, a nongovernmental organisation, to pilot the first culture of whiteleg shrimp in the southwestern division of Khulna, a major farming region for export-oriented shrimp.

Later, it granted permission to MU Seafood in Jashore and Grotec Aquaculture in Paikgacha in the southwestern division.

In the third phase, it allowed eight firms to conduct experimental culture of vannamei.

Of the firms, Shushilan, MU Seafood Niribili Fisheries farmed the and vannamei between 2021 and 2022, and yields of the shrimp in these farms stood between 8.33 tonnes and 12.34 tonnes per hectare.

Per hectare yield of the locally farmed

27 get back FBCCI election candidacy

STAR BUSINESS REPORT

The appeal board of the FBCCI's election board has announced the names of the valid director candidates for the polls of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

With the 27 valid directors' candidates, a total of 134 candidates are contesting in the FBCCI election for the 2023-25 tenure.

Earlier, the election board declared 32 candidates invalid for tax and loan default. Thirty out of 32 appealed to the election appeal board and it declared 27 as valid candidates Sunday.

Two candidates did not appeal, and the appeal board quashed three petitions. So, a total of five candidates are not participating in the election.

Finally, 73 candidates are contesting from the association group, 29 candidates from the chamber group in the election, as the election board published the final list of candidates.

This year 16 directors are nominated from the association group and 16 directors from the chamber group.

As per the FBCCI charter, 46 directors (23 from each panel) will be elected and 34 (17 from each panel) will be nominated.

Of the total 80 directors, 32 have been nominated as two nominated directors were not valid this year.

The 80 directors will then elect one president, one senior vice-president and six vice-presidents. There are 2,500 voters this year.

Oil slides more than 1%

REUTERS, London

Oil dropped by more than 1 per cent on Monday after weaker than expected Chinese economic growth fuelled concern over demand in the world's second-biggest oil consumer while a partial restart of halted Libyan output also pressured.

China's gross domestic product (GDP) grew 6.3 per cent year on year in the second quarter, compared with analyst forecasts of 7.3 per cent, with its post-pandemic recovery faltering rapidly owing to weakening demand at home and abroad.

"The GDP came in below expectations, so will do little to ease concerns over the Chinese economy,' said Warren Patterson, ING's head of commodities research.

Brent crude fell \$1.39, or 1.7 per cent, to \$78.48 a barrel by 1015 GMT and US West Texas Intermediate crude dropped by \$1.34, or 1.8 per cent, to \$74.08 on a second straight day of losses for both contracts.

"China data was always looked forward to with a degree of hope; well, for bulls anyway," John Evans of oil broker PVM said in a report. "However, the contemporary economic backdrop for Asia's driver seems to now be wheeled out for the bears.'

Oil briefly rose after a Reuters news alert on Saudi Arabia extending a voluntary output cut. The alert was subsequently withdray

it is mandatory to obtain permission from existing Bagda shrimp PL production cultivation of the non-native shrimp in black tiger shrimp is nearly half a tonne,

the Department of Fisheries for taking should be carried out in separate parts the face of falling export earnings for over according to the sector's people.

repeated news published on June 4.



Shah A Sarwar, managing director of IFIC Bank, poses for photographs with the Integrity Awards-winning employees and staff of the bank at its head office in Dhaka on Sunday. PHOTO: IFIC BANK

Six IFIC Bank employees get its 'Integrity Award'

STAR BUSINESS DESK

IFIC Bank awarded six of its employees and staff members with "Integrity Award" for the fiscal year 2021-2022 in recognition of demonstrating exemplary effort under the national integrity strategy (NIS) of the government.

Among the award recipients, Syed Mansoor Mostafa won the award in the top executive category, Dilip Kumar Mandal and Naimur Rahman jointly won the award in the executive category, Ziaur Rahman in the officer category, Helal Ahmed in the branch manager category and Mohammad Shaheb Ali in the support staff category.

Shah A Sarwar, managing director and chief executive officer of the bank, handed over certificates, crests and cheques to the employees at a ceremony held at the bank's head office in Dhaka on Sunday, said a press release. Sarwar said that the "Integrity Award" will increase the motivation of all the employees of the bank.

To motivate the employees to practice integrity guidelines, a reward policy was suggested by Bangladesh Bank. In accordance with that policy and guidelines, IFIC Bank distributed the awards.

FROM PAGE B1

"However, due to the quantity of wheat stocks that traders in Bangladesh currently have, the price will not increase until October."

Bad news for wheat market

Bashar Chowdhury, Abul chairman of BSM Group, said the market condition will worsen in the coming days.

He said the wheat price currently stands at \$240-\$270 per tonne, which was \$390 to \$420 before the deal was struck.

"I think the price will go up again.

The international development seemed to have impacted the local market already.

Wheat traded at Tk 1,750 to Tk 1,820 per maund at the Khatunganj wholesale market yesterday, which was Tk 1,725 to Tk 1,800 a day earlier.

Taslim Shahriar, senior assistant general manager at Meghna Group of Industries, one of the biggest commodity importers and processors in Bangladesh, said when significant events occur in the global market, such as the halt of a grain deal or geopolitical tensions, it can have an impact on the market.

Uncertainty and unexpected developments can bring about fluctuations in supply and demand and overall market dynamics."

He added: "We have seen good trends in the last two months. The price of commodities went down

after the grain deal was made." Bangladesh's wheat imports fell for the third consecutive year in 2022-23, suffered by falling consumption for high prices and banks' sluggishness in opening letters of credit amid the US dollar crisis.

Food ministry data showed wheat arrival declined 3.4 per cent year-on-year to 38.75 lakh tonnes in FY23. It was 40.12 lakh tonnes in the previous year.

The FY23 import of the grain, for which Bangladesh is highly dependent on the global market, was the lowest in eight years.

Anup Kumar Saha, executive director of Akij Insaf Group, said Russia has suspended its participation in the deal at a time when wheat prices had started to decrease at both international and local markets.

"It's a matter of concern for Bangladesh."

In Dhaka, loose flour retailed at Tk 50 to Tk 52 per kg yesterday, down from Tk 52 to Tk 55 a week ago, data from the Trading Corporation of Bangladesh showed.

The price of branded flour was Tk 58 to Tk 60 per kg, which was Tk 60 to Tk 65 a week earlier.

Bangladesh's annual demand for wheat is 70 lakh to 75 lakh tonnes, 85 per cent of which is met through imports.

Internet banking transactions

FROM PAGE B1

"People are switching to online transactions at lightning speed... People are paying electronically for their purchases too," he said.

Pubali Bank Ltd, one of the oldest and largest banks, recorded an average growth of 63 per cent yearon-year in digital transactions over the last five years, he said.

Ali, however, said customers do still need to come to banks to process their cheques.

They will not need to come to banks if the central bank develops a unified system or app so that account holders can upload photos of their cheques for settlement electronically, he said.

Banks are introducing new products as digital banking is growing, said Emranul Huq, managing director and CEO of Dhaka Bank Ltd.

"The growth of digital banking has sped up as banks are becoming connected with mobile financial service (MFS) providers," he said.

"Once customers used to transfer funds to MFS. Now deposits are also coming from MFS. This has become a big area," he said.

Dhaka Bank Ltd has introduced nano deposits and registered an increase in the opening of accounts, he added.

On the risks of cyberattacks and fraud, Hug said banks were investing to build firewalls to ensure digital security and protect their systems.

The BB issued an ICT risk management guideline for banks, abiding by which will require banks to make a lot of investment, he said.

Customers' literacy and awareness is also needed, he said.

Japanese minister

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Dhaka (JCIAD), a platform of 130 Japanese companies in Dhaka, to discuss investment opportunities in Bangladesh.

Nishimura's entourage include Toshiki Wani, deputy directorgeneral for trade policy of Japan, Taro Kawachi, managing director of Bangladesh SEZ Ltd, and Yoshiro Kaku, chief representative of NEDO India, as per the programme schedule. Both countries aim to sign the EPA by the end of 2025 or in early 2026, Senior Commerce Secretary Tapan Kanti Ghosh said earlier.

Bangladesh is signing agreements with its trading partners in order to retain duty-free export benefits after graduating from the group of the least-developed countries (LDCs) in 2026.

A Jetro survey in June last year showed that 85 per cent of local and Japanese companies with operations in both nations want their respective governments to strike a free trade agreement (FTA). This is so they can enjoy duty benefits after Bangladesh becomes a developing nation.

The Jetro survey showed 20 per cent of the companies may even relocate from Bangladesh to more competitive destinations in Southeast

Asia if no FTA is signed. Of the respondents among local companies, 87 per cent sought an FTA between the two countries.

Japan is the only Asian nation where the export of goods from Bangladesh crossed the \$1 billion mark for the first time since 2012 on the back of increased garment shipments, which account for 95 per cent of the earnings.

Local garment exporters have targeted to ship \$10 billion worth of garment items to Japan by 2030.

The number of Japanese companies operating in Bangladesh has tripled over the last decade, reaching 338 in 2022.

In December, the Japanese Special Economic Zone at Araihazar of

Nayaranganj was inaugurated to attract more investment from the world's third-largest economy.

The tariff will go up from 7.4 per cent to 10.9 per cent on garment exports to Japan if the generalised system of preferences (GSP) expires, the Jetro survey said.

Bangladesh shipped goods worth \$1.90 billion to Japan in the last fiscal year, up 40.74 per cent year-on-year, according to data from the Export Promotion Bureau.

Of the sum, \$1.59 billion came from apparel shipments, up 45.40 per cent from the previous fiscal year.

The shipment of garment items started leapfrogging in April 2011, when Japan relaxed its Rules of Origin for LDCs and the knitwear sector.

According to the findings of the Jetro survey, the existing Rules of Origin in the GSP for garment products should be continued.

Saudi inflation rate ticks down

REUTERS, Dubai

Saudi Arabia's annual inflation rate eased to 2.7 per cent in June from 2.8 per cent the previous month, government data showed on Sunday.

Prices for housing, water, electricity, gas and other fuels rose by 9.1 per cent overall in June compared with the same month last year, while restaurant and hotel prices were up by 4.3 per cent and education up by 3 per cent, the kingdom's General Authority for Statistics data said.

On the other hand, prices for clothing and shoes fell 2.9 per cent, communication costs were down by 0.7 per cent, and miscellaneous personal goods and services by 0.1 per cent.

Inflation in Saudi Arabia has been on a downward trend since starting the year at a rate of 3.4 per cent in January.



BUSINESS



Although Dhakai Muslin, black tiger shrimp, Fazli mango, Hilsa fish and other items have been added to the list of GI products in Bangladesh, exports are yet to pick up in absence of proper marketing and overall planning. PHOTO: STAR/FILE

Businesspeople unable to benefit from GI products

Lack of marketing to blame, experts say

SUKANTA HALDER and ABRAR HOSSAIN

Although Bangladesh has secured geographical indication (GI) status for 15 products so far, local businesspeople have yet to benefit in absence of global demand for these goods, according to experts.

A major reason for their failure to take advantage of the certification is that there is a lack of adequate marketing for the country's GI products.

Besides, the export capacity of those who produce GI products should be enhanced through financial support, they told The Daily Star.

Products are granted the GI tag when they have unique characteristics that help identify their country of origin for being 2016. definable by the materials, climate and culture with which they were made.

protection for goods made using the ingenuity and traditional knowledge of local producers.

And although the country's 15 GI products have export potential, they are not seeing adequate global demand for the lack of proper marketing, such as trade missions abroad.

The Bangladesh Small and Cottage Industries Corporation (BSCIC) had applied to the DPDT for securing GI certification for Jamdani, a fine muslin textile mostly used for making saris, on September 1, 2015.

Jamdani, which has been produced for centuries in Narayanganj, then became the country's first GI certified product in

"As far as I know, no business has been able to export hilsa or black tiger shrimp with the GI tag," said KH Mahbubul Haque, director general of the Department of **Fisheries**

Citing how not a single business has contacted them regarding the issue, Haque said the government supports entrepreneurs through policies but it is up to them to do the rest.

Export capacity of those who produce GI products should be enhanced through financial support, experts say

can use the GI tag on the fruit.

The Rajshahi Fruit Research Station and Chapainawabganj Krishi Association had both applied for the registration in March 2017.

Shafiqul Islam, principal scientific officer of the Rajshahi Fruit Research Station, and Munjer Alam, secretary, said not a single GI tagged Fazli mango has been exported as of yet.

Mokhlesur Rahman, chief scientific officer of the Regional Horticulture Research Centre in Chapainawabganj, said they applied for granting GI status to the Ashwina and Langra varieties in 2017.

However, the two types of mango were only recognised as GI products in the first week of July this year.

Prime Bank's profit jumps 50% in Q2

STAR BUSINESS REPORT

Prime Bank Ltd made a 50.75 per cent year-onyear higher profit of Tk 114.36 crore in the second quarter of 2023.

The profit stood at Tk 75.86 crore during the identical quarter of 2022.

Thus, the consolidated earnings per share of the private commercial lender were Tk 1.01 in April-June this year, up from Tk 0.67 in the same three-month last year.

Half-yearly profit surged to Tk 218.53 crore from Tk 180.03 crore in January-June of 2022, a year-on-year spike of 21.38 per cent. So, the consolidated EPS rose to Tk 1.93 from Tk 1.59.

The consolidated EPS increased due to a rise in net interest and investment incomes, said Prime Bank in a filing on the Dhaka Stock Exchange.

Its consolidated net operating cash flow per share stood at a negative Tk 0.79 in January-June, which was Tk 1.26 in the similar half of 2022.

The consolidated NOCFPS was higher compared to the previous year because of the increase in deposits, said the filing.

The consolidated net asset value per share rose to Tk 28.56 on June 30 this year from Tk 26.19 on the same day last year.

Shares of Prime Bank were up 1.02 per cent to Tk 19.80 on the DSE yesterday.

Robi to borrow \$55m from owning company

STAR BUSINESS REPORT

Mobile phone operator Robi Axiata Limited has decided to take a \$55 million loan from its parent company Axiata Group.

The board of the third-largest mobile operator in Bangladesh approved the decision, according to a disclosure on the Dhaka Stock Exchange website yesterday. The tenure of the loan will be three years.

Robi also informed that it did not pledge any asset as collateral and did not create any charge with the Registrar of Joint Stock Companies and Firms (RJSC) in relation to the loan agreement.

Indian traders scoop up cheaper Chinese steel **Industry execs say**

REUTERS, New Delhi

Indian traders have been scooping up Chinese steel at a deep discount, industry officials and

This in effect highlights the traditions and reputation of products made within a particular area or country, helping fetch higher prices compared to similar products manufactured elsewhere.

And as a branch of intellectual property rights, the GI tag ensures that marketing rights and legal protection is reserved for the origin countries of certified products.

This recognition is provided by the Department of Patents, Designs and Trademarks (DPDT) of the industries ministry in accordance with rules set by the World Intellectual Property Organization.

Geographical Indication The (Registration and Protection) Act 2013 aims to grant intellectual property status later in 2022.

Then in 2019, the BSCIC applied for GI certification of Shataranji, a traditional fabric native to Rangpur. The product was finally granted GI status in 2021.

Akhil Ranjan Tarafder, general manager for marketing at the BSCIC, said neither GI tagged Jamdani or Shataranji products have been exported as of yet.

And while it has not been decided who will approve the GI tags to be used by exporters, an initiative of the DPDT has developed packets bearing the certification for Shataranji.

Hilsa fish received GI recognition in 2017 following an application from the Department of Fisheries.

In May 2019, the same agency had applied to the DPDT for GI certification of black tiger shrimp, which secured the

Meanwhile, the Bangladesh Handloom

Board got GI recognition for Dhakai Muslin in 2020.

And while commercial production of the fabric is yet to start, work is ongoing to handover the required technology to the private sector, said Ayub Ali, chief of planning and implementation at the BHB.

"Commercial benefits will be available for GI products when production starts in the private sector as there is a lot of demand for muslin in the international market," he added.

In May 2022, Chapainawabganj and Rajshahi registered themselves as producing regions of Fazli mango, meaning that the two northern districts

Rahman added that he is not aware if they have received any orders for these mangoes with the GI tag.

Khondoker Mostafizur Rahman, director general of the DPDT. said commercialisation activities for the country's GI products are in the early stages.

Mostafa Abid Khan, a trade policy analyst and negotiator for Bangladesh, said Bangladesh can only benefit from GI tagged products by establishing demand for them.

"The demand won't come on its own. That is why emphasis should be placed on banding and promotion," he added.

The DPDT recently granted GI status to traditional yogurt produced in Bogura as well as a variety of paddy, called Tulsimala, native to Sherpur.

their wealth.

analysts said, spooking Indian producers ahead of a seasonal pick up in domestic demand.

Lured by discounts of \$30 to \$50 a tonne on hot-rolled and cold-rolled products, Indian buyers are signing a flurry of import deals, they added. Domestic industrial activity is set to pick up over the next two months after the monsoon rains recede.

Indian traders are buying the grades used in automobiles and construction, main drivers of domestic steel demand, the officials and analysts said. "The Chinese are offering discounts because other markets are not doing well and we are seeing good growth in Indian automobile and construction sectors," said Snehdeep Bohra, a director at Fitch Ratings in India.

Traders near port cities in the eastern state of Odisha and the western state of Gujarat find it cheaper to import steel from China than spend on local freight, a senior executive at a major Indian steelmaker said on condition of anonymity.

What happens when the Black Sea grain deal expires?

REUTERS, London

A deal allowing Ukraine to export grain via the Black Sea will expire at the end of Monday after Russia said it will suspend its participation.

The deal, brokered by the United Nations and Turkey last July, aimed to alleviate a global food crisis by allowing Ukrainian grain blocked by the Russia-Ukraine conflict to be exported safely.

Why is it important?

Ukraine is a major producer of grains and oilseeds and the interruption to its exports at the outbreak of war pushed global food prices to record highs. The deal. agreed in July 2022 some five months after the war started, helped to bring down prices and ease a global food crisis.

Ukraine grain has also played a direct role with 725,200 tonnes, or 2.2 per cent, of the supplies shipped through the corridor used by the United Nations World Food Programme (WFP) as aid to countries such as Ethiopia, Somalia and Yemen.

What does this mean for food prices?

Prices for grains and oilseeds have already risen in response to news that Russia will suspend its participation in the deal. The increase will lead to higher prices for staple foods, such as bread and pasta, in the coming months.

The situation, however, is better than in the months after the war started as supplies of grain from other producers such as Brazil and Brazil have increased.

Prices for wheat, the main ingredient in bread, have fallen by about 14 per cent so far this year and corn is down around 23 per cent. **READ MORE ON B2**

Storm clouds loom large over China's economy

AFP, Beijing

China's lower-than-expected growth in the second quarter comes as the world's second largest economy is hit by sluggish consumption, a real has long been seen as a safe bet for bank loans. estate sector in crisis and worries over deflation.

Here is a look at the main storm clouds over China's economy:

For almost three years Beijing's strict zero-Covid policies meant repeated lockdowns, the fear of being arbitrarily quarantined and other draconian health measures that dragged down consumer spending.

When the restrictions were lifted at the end of 2022, millions flocked to restaurants, shopping malls and on long-awaited holidays

But that optimism hasn't lasted, with the recovery running out of steam and the labour market under pressure more than one in five young people is unemployed.

"Companies are reluctant to hire due to soft consumer demand, and consumers are reluctant to spend" because of the economic situation, economist Larry Hu, of the investment bank Macquarie, told AFP.

"Such a self-fulfilled downward spiral bears some resemblance to Japan's 'lost

decades'," he warned, referring to years middle class Chinese seeking to grow of stagnation in what is now the world's third largest economy.

That demand sent property prices Bricks and mortar are a pillar of the soaring, while developers expanded at economy in a country where property breakneck speed thanks to generous

This aerial photo taken yesterday shows buildings in Shenyang, in China's northeastern Liaoning province. Consumption remains a driving force for the economic recovery of China, an economist says. PHOTO: AFP

But as those companies' debts reached unsustainable heights. authorities pushed the brakes in 2020.

Since then, developers' access to credit has been considerably reduced, with the most vulnerable struggling to complete their projects, fuelling a crisis of confidence with potential buyers that is depressing prices.

China's central bank last week decided to extend its support for developers, notably through loan repayment extensions, until the end of 2024. That came after officials cut interest rates last month.

But these measures are "insufficient" to "save" the sector, according to Nomura bank analyst Ting Lu.

For months prices in China have been virtually flat, but while on paper this may seem like a good thing for purchasing power, a drop into deflation would pose a long-term threat.

Instead of spending, consumers postpone purchases in the hope of lower prices.

And in the absence of demand, companies cut back on production, freeze hiring or lay off staff and agree to further price cuts to clear their inventories, which weighs on profitability as their costs remain the same.