



# BUSINESS



## BGMEA misses deadline to form election board

### STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has missed the deadline to form the election board to hold the polls in order to elect the leadership for 2023-25.

On April 13, the commerce ministry extended the tenure of the current board of the largest trade body of the country representing the apparel industry for six months to October 12.

As per the conditions attached to the extension, a three-member election board and an appeal board with an equal number of members would have to be formed 90 days before the extended term ends.

This means the election board had to be set up by July 10. But it has not been formed yet.

Speaking to The Daily Star, BGMEA President Faruque Hassan said the board of directors is working to set up the

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## Big drop in Indian goods arrival by train

TUHIN SHUBHRA  
ADHIKARY

Transportation of goods from India to Bangladesh via freight trains declined by a large extent last fiscal year, mainly due to a dollar crisis and non-availability of necessary locomotives and staff.

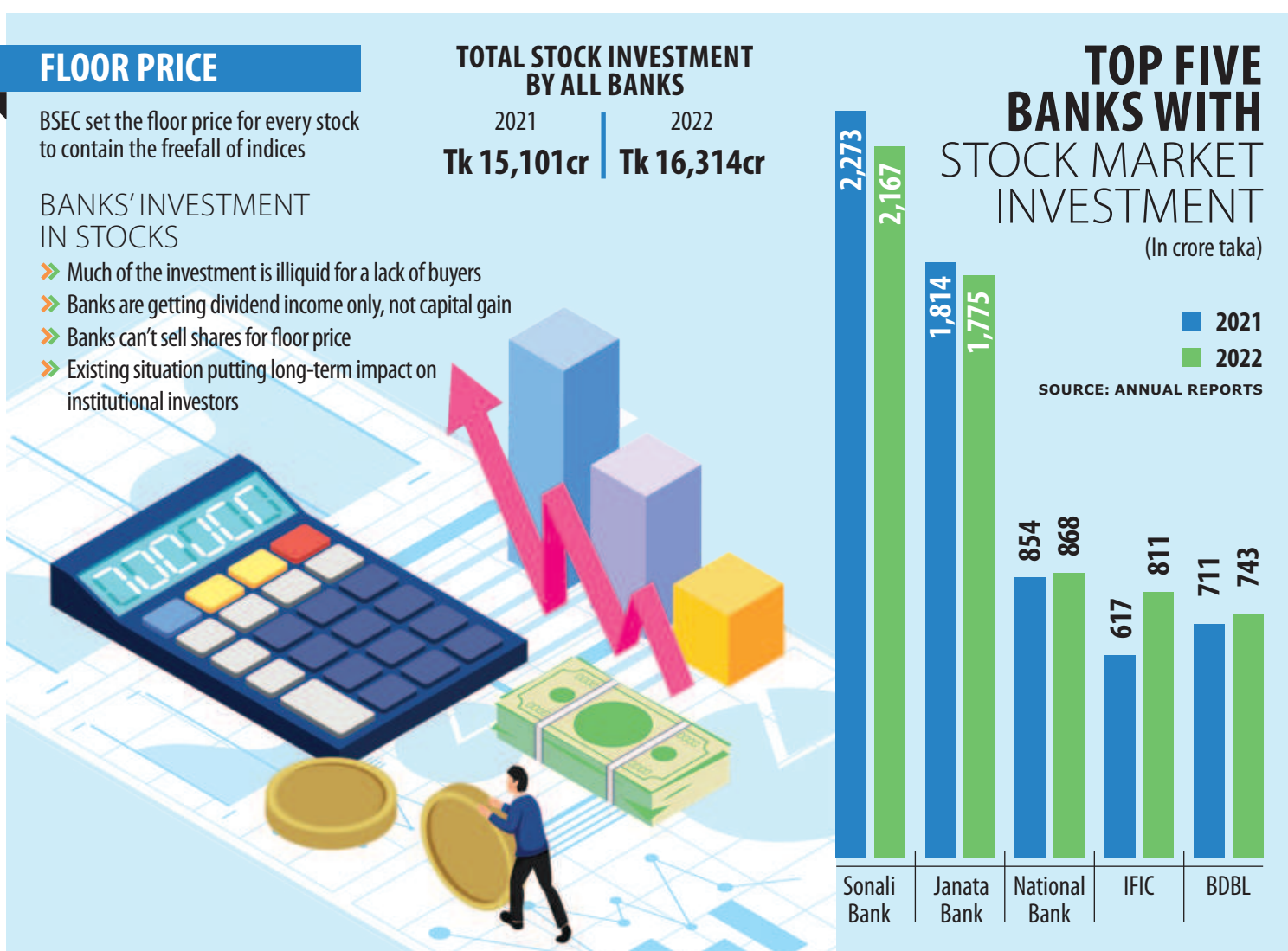
Bangladesh Railway (BR) transported 23.15 lakh tonnes of goods from the neighbouring country in fiscal year 2022-23, which is 52.74 percent less than in the previous year.

The BR transported 35.35 lakh tonnes in 2021-22, shows BR data.

With the decline in goods transportation, the BR's income from cross-border trade also saw a sharp fall last year.

The BR earned Tk 117.63 crore from transporting goods from India last fiscal year, which was Tk 174.33 crore in fiscal year 2021-22, meaning its income had slumped by 48.20 percent, shows the data.

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### IMPACT OF STOCK MARKET FLOOR PRICE

## Banks' Tk 16,000cr investments remain stuck for one year

AHSAN HABIB and  
MIR RASHIDA SULTANA

Banks' investments of more than Tk 16,000 crore have remained almost stuck in the stock market for the last one year owing to a thin presence of buyers amid the floor price, which has hit lenders' bottom line and brought down their liquid assets.

The Bangladesh Securities and Exchange Commission (BSEC) set the floor price of every stock to halt their free fall amid global economic uncertainties brought on by the dragging coronavirus pandemic in 2021.

The floor price, the lowest price at which a share can be sold, was lifted for 169 companies in December before being reintroduced again in March this year as economic uncertainty deepened.

Fifty-three banks invested Tk 16,314 crore in the stock market in 2022, up from Tk 15,101 crore in the previous year, according to their financial statements.

But the investments yielded

almost no capital gains, which stem from the rise in the value of securities, last year as stocks were not tradable in the absence of buyers. Their only consolation came from dividends, which were largely flat in 2022 compared to a year ago.

Bankers describe the floor price-induced situation as unique for them, saying banks don't prefer to invest in stocks that are not liquid.

"The floor price has put us in a tight spot," said a banker.

Muhammad A (Rumee) Ali, a former deputy governor of the central bank, said globally banks

don't invest in stock markets, but in Bangladesh, they are encouraged to invest in the stock market.

"But since a stock market investment carries risks, there should have a proper guideline."

The noted banker thinks banks should not invest in the stock market. Rather, they should lend to entrepreneurs.

All local private commercial banks have investments in the stock market but the proportion is higher among state-run banks.

Six state-run lenders collectively invested Tk 5,904 crore last year in the stock

market, representing 36 percent of the total investment of the banking industry.

Sonali Bank invested Tk 2,167 crore in 2022, the highest among the lenders. The second highest investment came from Janata Bank and it stood at Tk 1,775 crore.

National Bank's investment was Tk 868 crore, the third highest.

"There was no scope to rebalance the portfolio and make capital gains in 2022 as stocks were depressed," said Md Moniruzzaman, managing director of Prime Bank Securities.

He said banks earned money in the form of dividend gains last year on their investments.

A top official of a merchant bank says if banks see that their stock market investment may become illiquid, they will not make further investment in the market.

"It may impact the market negatively in the long run."

Investment income from the

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## 200MW solar power plant opens

### STAR BUSINESS REPORT

Prime Minister Sheikh Hasina yesterday inaugurated a 200-megawatt (MW) solar power plant, the highest renewable resource-focused power generation capacity of a single facility in the country, built by Beximco Power Ltd.

Some \$300 million was invested to set up the plant, named Teesta Solar Ltd, on 650 acres of a landmass formed through sedimentation in Sundarganj upazila of the northwestern district of Gaibandha, said a press statement.

The plant is expected to provide 200MW of electricity to the national grid daily, said the statement issued by Public Relations Officer Shafiqul Islam of the office of the adviser to the prime minister on private industries and investment.

The prime minister inaugurated the plant, which started trial operations from December last year, from a gathering on Rangpur Zilla School premises.

"We think this renewable energy sector will be very important for the future," said Shayan F Rahman, chairman of Beximco Power Limited.

He further said they launched the first sukuk bond of the private sector in the country to finance this project.

A sukuk is an Islamic financial certificate, similar to a treasury bond and structured to generate returns in compliance with Islamic finance principles.

"In the future we are thinking of setting up more solar power plants as per government plans," he noted.

## Thumbprints now mandatory for taking loans

### STAR BUSINESS REPORT

In the wake of some borrowers and guarantors denying having been provided loans, Bangladesh Bank (BB) yesterday made it compulsory for banks to take thumbprints to ensure proper recovery of depositors' money, which was welcomed by bankers.

The central bank, citing High Court observations, said some writs have been filed in the recent period where borrowers and guarantors denied having signed loan and guarantee-related documents.

"As a result, it has become difficult to confirm the correctness of borrowers and guarantors and it is creating impediments to realising loans," said the BB.

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STOCKS	
DSEX ▲	CASPI ▲
0.06%	0.05%
6,342.99	18,721.17

COMMODITIES	
Gold ▼	Oil ▼
\$1,948.88	\$81.88
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.02%	▼ 2.30%	▼ 1.45%	▼ 0.89%
65,782.78	32,707.69	3,325.02	3,261.69

## By the numbers: CARDS AND TRANSACTIONS

NUMBER OF DEBIT CARD  
31,718,430

NUMBER OF CREDIT CARD  
2,216,484

NUMBER OF PREPAID CARD  
4,037,398  
(Till May)

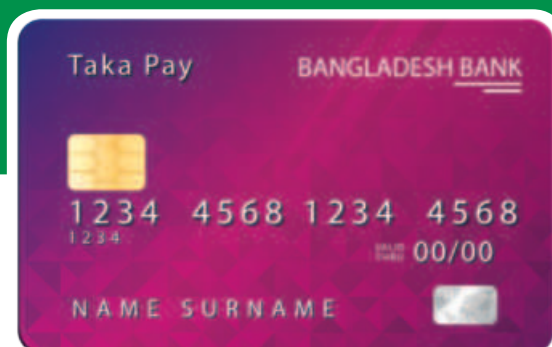
SOURCE: BB

### TRANSACTIONS (IN MAY)

Debit card  
Tk 39,014cr

Credit card  
Tk 2,592cr

Prepaid card  
Tk 353cr



### TAKA PAY TAKEAWAYS



Eight commercial banks to issue Taka Pay on a pilot basis



France-based consultancy firm Fime appointed to develop the card



The card transaction will be through NPSB



The card will be ready within December

## BB gets down to rolling out Taka Pay card

MEHEDI HASAN

The Bangladesh Bank has stepped up efforts to roll out a national card this year in order to cut the country's reliance on international cards and save foreign currencies.

Two committees of the central bank recently started working to introduce the "Taka Pay" card after Bangladesh Bank Governor Abdur Rouf Talukder hinted about the initiative for the first time on June 18.

Initially, the plan was to introduce the card by September. Later, the governor said it would be issued in December.

The steering committee is led by BB Deputy Governor Kazi Sayedur Rahman and the working committee is headed by Md Motasem Billah, director of the central bank's payment systems department.

The committees comprise representatives from eight local banks – Brac Bank, United Commercial Bank, City Bank, Sonali Bank, Eastern Bank, Islami Bank, Dutch-Bangla Bank and Mutual Trust Bank – that have a major share in the card business.

Paris-based consultancy Fime has been appointed to develop the card.

Also, the central bank arranged a three-day workshop at its headquarters last month with the presence of representatives from Fime and the eight banks to advance the idea to fruition.

The eight banks will issue the national card on a pilot basis, said a steering committee member, adding that other banks will also be able to issue the card as well.

Primarily, the central bank will roll out a card for domestic use and later, a taka-rupee card will be made available, said the member.

**Initially, the plan was to introduce the card by September. Later, the governor said it would be issued in December**

BB Assistant Spokesperson Md Sarwar Hossain said the issue of formulating the card is at the primary stage.

"The main factor is that it will be our own card and it will be controlled by the central bank."

Transactions of the card will go through the National Payment Switch Bangladesh operated by the BB.

In Bangladesh, foreign currency expenditures of banks and other financial institutions are on the rise keeping pace

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## ShopUp wins 'Investment Excellence Award'

STAR BUSINESS DESK

ShopUp, a B2B platform for small businesses, has won "Investment Excellence Award" at the Bangladesh Startup Summit 2023 for raising more than \$201 million from investors.

Aleef Zaman, founder and CEO of ShopUp, received the award from Prime Minister Sheikh Hasina at the inauguration ceremony of the Bangladesh Startup Summit 2023 at the InterContinental Dhaka on Saturday, said a press release.

"The recognition will inspire us to double down on our efforts to ensure affordable access to quality food for a significant portion of the population," said Md Raquibuddoula Chowdhury, director and head of brand and communications at ShopUp.

ShopUp raised more than \$201 million from renowned investors like Valar Ventures, Prosus, Sequoia Capital, Flourish Ventures, Tiger Global, and many more.

With these investments, the company has established a nationwide network of small shops that provide access to food and household essentials for 20 million residents of the country. Among others, Zunaid Ahmed Palak, state minister for ICT, was present.



Aleef Zaman, founder and CEO of ShopUp, receives an award from Prime Minister Sheikh Hasina at the inauguration ceremony of the Bangladesh Startup Summit 2023 at the InterContinental Dhaka on Saturday.

PHOTO: SHOPUP

## Mercantile Bank re-elects vice-chairman, EC chairman



ASM Feroz Alam



Akram Hossain Humayun

STAR BUSINESS DESK

ASM Feroz Alam and Akram Hossain Humayun have recently been re-elected as vice chairman and chairman of executive committee of the board of directors of Mercantile Bank Ltd.

Alam, who is associated with leasing and banking business, is a director of Mercantile Bank Securities Ltd, and managing director of Toyo System BD Ltd, said a press release.

He is the founder of Shaheda Gafur Ibrahim General Hospital, Kalaiya, Patuakhali.

Humayun, a sponsor director of the bank, was the chairman of the bank and served as vice-chairman, EC chairman and other committees of the board of directors of the bank.

He is the chairman and managing director of FARS Group. He is also engaged in real estate business.

## BGIC achieves 'AAA' credit rating

STAR BUSINESS DESK

Bangladesh General Insurance Company (BGIC) Ltd has achieved Triple-A ('AAA') credit rating in the long-term and 'ST-1' in the short term.

Argus Credit Rating Services Ltd has determined the credit rating for the insurer, said a press release.

The rating was determined in light of the audited financial statements for the financial year that ended on December 31, 2022, the unaudited financial statements up to June 30, 2023 and other relevant information.

The insurer was listed as a non-life insurance company on the stock exchanges of Bangladesh in 1989.

## Oil price falls

REUTERS, Houston

Oil prices edged lower on a stronger dollar and signs of profit-taking after a rally in July when investors bet on tighter global supplies and demand growth in the second half of 2023.

Brent crude futures for October settled at \$84.91 a barrel on Tuesday, down 52 cents or 0.6 percent. Front-month Brent settled on Monday at its highest since April 13.



Mohammad Mamdudur Rashid, managing director of NCC Bank, receives an ISO certificate from Mashiul Islam Mishu, managing director of Enterprise InfoSec Consultants, at the bank's head office in Dhaka recently.

PHOTO: NCC BANK

## NCC Bank gets ISO certification

STAR BUSINESS DESK

NCC Bank has achieved the ISO 27001:2022 certification for its information security management.

Mohammad Mamdudur Rashid, managing director and CEO of the bank, received the certificate from Mashiul Islam Mishu, managing director and CEO of Enterprise InfoSec Consultants (EIC), at the bank's head office in Dhaka, said a press release.

"Achieving this certification would assist us in obtaining international level IT management as well as next-generation IT solutions," said Rashid.

The bank celebrated this achievement at the Innovation Centre of the bank's head office in Dhaka recently.

Among others, Mashiul Islam Mishu, managing director and CEO of EIC, and Md Jahangir Alam, chief operating officer, Rafat Ullah Khan and M Asheq Rahman, deputy managing directors of the bank, Mohammed Anisur Rahman, Syed Tofail Ali, senior executive vice-presidents, Mohammed Mizanur Rahman, vice-president, Md Meizanur Rhman, head of information security and IT governance, and Md Ghalib Asadullah, head of security and logistics, were present.

## Mutual Trust Bank wins award

STAR BUSINESS DESK

Mutual Trust Bank has won "Fintech Innovation Challenge Award" in the category of "Enabling Access to Finance for CMSMES" by FinLab BD for their innovative ideas in supporting cottage, micro, small and medium enterprises.

FinLab BD, a joint venture of a2i, the United Nations Capital Development Fund, and Microsave Consulting.

Khalid Hossin, head of the digital banking division at the bank, received the award from Md Mezbaul Haque, executive director and spokesperson of Bangladesh Bank, at a programme at the Bangabandhu Military Museum in the capital, said a press release.

This award strengthens its position as a trailblazer, empowering CMSMES and promoting financial inclusivity, according to a press release. This achievement highlights MTB's unwavering commitment to excellence and groundbreaking contributions to the banking industry.



PHOTO: MUTUAL TRUST BANK

Khalid Hossin, head of digital banking division at Mutual Trust Bank, receives an award from Md Mezbaul Haque, executive director of Bangladesh Bank, at Bangabandhu Military Museum in the capital yesterday.

## Chinese carmaker faces Indian tax probe

REUTERS, New Delhi

Chinese automaker BYD faces an ongoing Indian investigation over allegations that it paid too little tax on imported parts for cars it assembles and sells in the country, two sources with direct knowledge of the matter said.

India's Directorate of Revenue Intelligence (DRI) has alleged that China's largest electric vehicle (EV) maker, whose expansion plans have been hit by fractious relations between New Delhi and Beijing, underpaid tax of 730 million rupees (\$9 million), one of the sources said.

Although BYD has deposited this sum after the DRI's preliminary findings, the source added, the investigation is ongoing and could lead to additional tax charges and penalties. The DRI is yet to issue a final notice to BYD, which can challenge the findings.

BYD in India and China did not reply to several requests seeking comment.

India's finance ministry did not reply to an email and WhatsApp

message seeking comment.

BYD is facing heightened scrutiny from New Delhi over a \$1 billion proposal to build cars locally, amid tighter rules on foreign investment from bordering nations, including

**India's Directorate of Revenue Intelligence has alleged that China's largest electric vehicle maker underpaid tax of 730 million rupees (\$9 million)**

China. BYD told its Indian joint venture partner it had considered dropping the investment plans.

Companies from China have come under the spotlight in India since 2020 when border clashes broke out between the neighbours.

Smartphone maker Xiaomi Corp has been accused of illegal remittances to foreign entities in the name of royalties, allegations it has denied and challenged in court.

India taxes imports of fully built electric cars at 70 percent or 100 percent based on the value of the vehicle but levies 15 percent or 35 percent on imports of car parts that are then assembled locally into an EV.

Those lower rates, however, are only applicable when parts such as a battery pack or motor are imported, without being mounted on a vehicle chassis.

One of the sources said BYD had not met these conditions, making it liable to pay either 70 percent or 100 percent depending on the value of the car.

Neither the time period over which the alleged violation took place, nor the number of cars affected was immediately clear.

BYD, which has already invested more than \$200 million in India, markets the Atto 3 electric SUV and the e6 EV to corporate fleets and plans to launch its Seal electric sedan later this year.

It has sold about 1,960 cars in India since starting sales in 2022, government registration data shows.



PHOTO: TRUST BANK

Brigadier General Mohammed Iftequr Rahman, commander of 99 Composite Brigade at Sheikh Russel Cantonment, inaugurates a branch of Trust Bank Ltd in Jajira on Saturday. Humaira Azam, managing director of the bank, Ahsan Zaman Chowdhury, deputy managing director, along with other senior officials of the bank, were present.



Md Faridul Haque Khan, state minister for religious affairs, poses for photographs after inaugurating an education fair styled "Premier Bank 7th FACD-CAB, International Education EXPO-2023" at Pan Pacific Sonargaon Dhaka recently. Among others, Aga Khan Mintu, a member of parliament from Dhaka-14 constituency, Shamsuddin Chowdhury, additional managing director of the bank, Mohammad Shamim Murshed, senior executive vice-president, Bakshi Mohd Tayeb, commercial manager for Bangladesh at Qatar Airways, and Kazi Faridul Haque Happy, president of the FACD-CAB, were present.

PHOTO: PREMIER BANK

## Big drop in Indian goods arrival

FROM PAGE B1

The state-run transport agency operated 82 trains every month on an average last year whereas it was 133 in the previous year, shows data.

Last year, the BR brought goods from India through five interchange stations, namely Benapole, Darshana, Rohanpur, Birol and Chilahati.

The BR mainly brings rice, wheat, stone and boulder, fly ash and poultry feed.

Transportation of goods from India saw a sharp rise in 2020-21 and

2021-22 amidst the Covid outbreak. The BR earned Tk 176.74 crore by transporting 36.93 lakh tonnes of goods in 2021-22, setting a record.

BR officials and importers said import of goods by trains from India was more cost-effective than carrying them by trucks.

In addition, carrying goods via trains takes less time than trucks, making it popular.

As the operation of passenger trains has remained suspended for a long time amidst the pandemic, the

BR was able to use the workforce and locomotives to run freight trains in 2020-21 and 2021-22, which sharply increased its income, said a BR official.

But last year, the BR could not provide enough locomotives and staff for importing goods, officials said.

Asim Kumar Talukder, general manager (west) of the BR, however, said the main reason behind the fall was for businesspeople being unable to open letters of credit due to a dollar crisis last fiscal year.



## Textile Talent Hunt's eighth edition launched

STAR BUSINESS REPORT

The eighth edition of a talent grooming competition titled Textile Talent Hunt was launched yesterday by Textile Today Innovation Hub, a platform of a textile industry-based magazine Textile Today.

The organiser is expecting over 2,000 applicants for this year's contest, who will work on different sectors of the garment and textile industry throughout the year to innovate new products.

Finally, 100 will be selected as winners of the 2023 edition and they will be called Innovation Masterminds, according to the Textile Today Innovation Hub, which has been organising the contest since 2008.

**Finally, 100 will be selected as winners of the 2023 edition and they will be called Innovation Masterminds**

The organiser opened the door for application submissions today at the contest's launch at Pan Pacific Sonargaon in Dhaka.

Innovation and sustainability are no more optional issues in the 21st century, Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association, said at the event.

Now, it is necessary for the industry to continuously evolve with innovative products, he said.

The talent hunt competition is important for Bangladesh's apparel industry, which aims achieving the \$100 billion export target by 2030, said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association.

Textile Talent Hunt in its previous season was successful in bringing out the right talents for the industry, said Tareq Amin, founder and CEO of Textile Today Innovation Hub.



In order to sustain food security in the future, agricultural productivity must be increased by reducing production costs and developing crop varieties suitable for adverse environments, Agriculture Minister Muhammad Abdur Razzaque said.

PHOTO: MOSTAFA SHABUJ

# Govt working to double farm productivity by 2030: Razzaque

STAR BUSINESS REPORT

The agriculture ministry is working to reduce production costs and increase the variety of crops being cultivated with the aim of doubling agricultural productivity by 2030, according to Agriculture Minister Muhammad Abdur Razzaque.

He made this comment while speaking as chief guest at a roundtable on "Climate Adaptation: Opportunities for Bangladesh in Development of Agro-based Industries", held at the Sheraton Dhaka in Banani yesterday.

The event was jointly organised by the International Chamber of Commerce (ICC) Bangladesh, Standard Chartered and the Food and Agriculture Organisation (FAO) of the United Nations.

"The country's agriculture is always at risk whether climate change is involved or not as crops are being grown in an adverse environment," Razzaque said.

"So, in order to sustain food security in the future, agricultural productivity must be increased by reducing production costs and developing crop varieties suitable for adverse environments," he added.

The minister commented that the country's agricultural sector has achieved amazing success due to the visionary leadership of Prime Minister Sheikh Hasina.

Citing how Bangladesh was once known as a country where persisting food shortages were met through imports and foreign aid, he said the country is now self-sufficient in food grains and many other crops.

Vegetable production has increased

exponentially in the past 15 years, with the cultivation of corn and onion having risen by eight times and five times respectively while rice acreage saw 30 percent growth. "This success in agricultural production is being appreciated worldwide today," Razzaque said.

**Vegetable production has increased exponentially in the past 15 years, with the cultivation of corn and onion having risen by eight times and five times respectively**

"This success was not achieved through Aladdin's magic, it was achieved through the magic of Prime Minister Sheikh Hasina's leadership. This was possible due to the Prime Minister's agri-friendly policy of giving top priority to agriculture," he added.

While chairing the programme, ICC Bangladesh President Mahbubur Rahman emphasised on the dynamic expansion of a sustainable agro-processing industry to keep the economy and its agriculture sector vibrant amid changing climate conditions.

He said Bangladesh is responsible for only 0.4 percent of global greenhouse gas emissions, which is insignificant compared to other mega industrial economies. However, Bangladesh is high on the list of countries that are most vulnerable to climate change.

Given the current trajectory, Rahman said the rapidly changing climate conditions will

trigger annual GDP losses in the range of 1 to 2 percent.

Agricultural exports from Bangladesh have been growing by more than 18 percent for the past five years. Besides, global demand for agricultural products is expected to grow by 15 percent annually between 2019 and 2028, providing a great opportunity for local food processors to expand their exports and thereby help diversify the country's export basket.

Speaking as a special guest, Md Shahab Uddin, the minister for environment, forest and climate change, said agroforestry plays an essential role in climate adaptation by promoting biodiversity, enhancing soil health and reducing the impacts of natural disasters.

"Integrating agroforestry practices into our agricultural landscape can foster resilience and sustainability while addressing climate change challenges," he added.

Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, said that as per the government's National Adaptation Plan, the funding required in this area is \$230 billion.

"This investment cannot be done by the government and multilaterals alone," he added. Ruhul Amin Talukder, additional secretary to the agriculture ministry, presented the keynote paper.

AK Azad, vice-president of ICC Bangladesh, Md Khurshid Alam, executive director of Bangladesh Bank, TS Amjath Babu, agricultural economist of the International Maize and Wheat Improvement Centre, and FH Ansarey, managing director of ACI Agrolink Ltd, were among the panel discussants.

## Unilever cuts prices of toiletries

STAR BUSINESS REPORT

Unilever Bangladesh Ltd has reduced prices of its soaps, shampoos and handwash, attributing it to a recent reduction in prices of some of raw materials in the global commodity market.

The price of a 150gm Lux soap has been reduced to Tk 70 from Tk 80 and a 100gm one to Tk 48 from Tk 60 while a 150gm Lifebuoy soap to Tk 50 from Tk 60, said a press release yesterday.

Similarly, the price of an 80ml Clear Cool Sport Menthol has been cut to Tk 90 from Tk 120, 80ml Sunsilk Black to Tk 80 from Tk 110, 80ml Clear Complete Active Care to Tk 90 from Tk 120 and 80ml Dove Intensive Repair to Tk 90 from Tk 120.

The fast-moving consumer goods company also reduced the price of a 200ml Lifebuoy handwash pack to Tk 80 from Tk 105 and offered a 10 percent free grammage in Lifebuoy handwash refill packs from 170ml to 187ml.

## Fitch downgrades US credit rating

AFP, Washington

Fitch downgraded the United States' top-notch credit rating by a step on Tuesday, citing a growing federal debt burden and an "erosion of governance" that has manifested in debt limit standoffs.

The decision to downgrade the US from AAA to AA+ sparked a fiery rebuttal from the White House, with press secretary Karine Jean-Pierre saying the move "defies reality."

Treasury Secretary Janet Yellen said in a separate statement that she "strongly" disagreed with Fitch as well, calling the change "arbitrary and based on outdated data."

It is the first such downgrade by a major ratings company in more than a decade. A debt ceiling impasse in 2011 saw S&P lower Washington's AAA rating, drawing bipartisan outrage.

"The rating downgrade of the United States reflects the expected fiscal deterioration over the next three years, a high and growing general government debt burden, and the erosion of governance" relative to peers, said Fitch Ratings on Tuesday.

It added that there was a stable outlook assigned. Yellen said Fitch's quantitative ratings model declined between 2018 and 2020, but the agency was only announcing its change now despite progress seen in indicators.

She argued that US "Treasury securities remain the world's preeminent safe and liquid asset, and that the American economy is fundamentally strong."

While the lifting of the US debt ceiling -- a limit on government borrowing to pay for bills already incurred -- was often routine, it has for several years become a contentious partisan issue.

There is a "clear short-run implication" of the downgrade involving higher bond yields and a potential sell-off in the stock market and the dollar, said Mickey Levy of Berenberg Capital Markets.



Rajeev Gopalakrishnan, president for Asia Pacific at Bata Ltd, cuts a ribbon to inaugurate a revamped store at Jamuna Future Park. Both in-house brands like Bata, Red Label, Bata Comfit, Power, North Star, Weinbrenner, Bubblegummers and international brands like Hush Puppies, Scholl, Nike and Adidas are available in the store. Top officials of Bata Bangladesh were present.

PHOTO: BATA

## Rupee drops

REUTERS, Mumbai

The Indian rupee declined on Wednesday on risk aversion fuelled by the US credit rating downgrade, putting the currency at risk of slipping below a key level.

The rupee was at 82.47 to the US dollar by 10.54 am IST, down from 82.2550 on Tuesday. US equity futures and Asian shares declined following the US credit rating downgrade, boosting demand for safe-haven dollar. Asian currencies were down up to 0.8 percent while the dollar index inched up.

"Do not think the dollar's move higher is sufficient to take it (USD/INR) to near 82.50, a level which is important in the current narrow range market," an FX salesperson at a bank said.

"I suspect that there are importers who have been caught napping and possibly a bit of short positions exiting."

## Thumbprints now mandatory

FROM PAGE B1

To address the complexity, the central bank directed banks to make sure that loan-related documents, termed as charge documents, were read out to borrowers, guarantors and related third persons or parties.

At the same time, banks will have to take signatures on loan documents along with thumbprints of both hands of borrowers and guarantors, said the BB.

Banks will need to accept the thump impressions by verifying those with national identification number database, said the central bank.

"This will be needed for all types of loans. Once it is done, none will be able to refute.

We have introduced this as a due diligence for banks and this will confirm identity of borrowers," said a senior BB official.

"It is a very good idea. It will ensure that they (borrowers and guarantors) cannot refuse to take liability. This

will help bankers," said Selim RF Hussain, chairman of the Association of Bankers, Bangladesh (ABB).

The idea of verifying thumbprints with national identification data preserved with the Election Commission is conceptually okay, said Hussain, also managing director and CEO of Brac Bank Ltd.

"But it remains to be seen how this will be implemented. If there is a good process to ensure verifications within a short time, it will be good," he said.

This is likely to have a positive impact on the reduction non-performing loans, he said.

The share of classified loans or NPLs rose to 8.8 percent of total loans outstanding as of March this year from 8.16 percent at the end of December last year.

Until March 2023, banks' outstanding credit to the private sector amounted to Tk 1,446,800 crore, according to the BB data.

## BB gets down Banks' Tk 16,000cr to rolling out Taka Pay card

FROM PAGE B1

with the growing number of cards issued by international payment systems such as VISA, Mastercard, Amex, JCB, Discover and UnionPay, said industry people, adding that the expenses will come down if the national card can be launched.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the national card will be like RuPay, a multinational financial service platform in India.

"If we can introduce the card, transaction charges and fees paid by customers will reduce."

He said security is a major factor. "When the card is controlled by the central bank instead of an international payment platform, we can ensure security."

Countries in the region have launched national cards. Apart from India's RuPay, Pakistan has rolled out PakPay, Sri Lanka introduced LankaPay, and Saudi Arabia launched Mada.

Selim RF Hussain, managing director of Brac Bank, said an independent and sovereign card is essential in the current geopolitical situation.

"Now we have to pay fees and charges to international payments platforms for settling transactions. As a result, a large volume of foreign currencies goes to them. If we can introduce the card, that foreign currency will be saved."

In Bangladesh, the number of debit, credit and prepaid cards stood at 3.17 crore, 22.16 lakh and 40.37 lakh in May, BB data showed.

In the month, debit card transactions involved Tk 39,014 crore while it was Tk 2,592 crore for credit cards and Tk 353.32 crore for prepaid cards.

FROM PAGE B1  
stock market fell for many banks. For instance, Sonali Bank's investment income nosedived 86 percent to Tk 72 crore, IFIC Bank's earnings plunged 99 percent to Tk 1 crore, and National Bank's income plummeted 71 percent to Tk 10 crore.

A lower profit for banks means lower dividends for investors. For example, City Bank announced a 10 percent dividend for 2022, which was 12.50 percent in 2021.

A merchant banker said there is apprehension among general investors that if the floor price, which is almost unprecedented in most stock markets across the world, is withdrawn, foreign investors and many other investors would sell off, bringing the market down. But the market would ultimately rebound as being seen in other countries.

Moniruzzaman said even blue-chip stocks, which are typically large, well-established, financially-sound companies with an excellent reputation, are not sought after by investors since institutional investors and high-net-worth individuals are not coming up with large volumes of funds in the market.

Selim RF Hussain, chairman of the Association of Bankers, Bangladesh, a platform of the chief executive officers of banks in the country, terms the floor price a restriction.

"No restrictions are expected in the stock market."

He said the restriction has turned the market almost immovable and is not benefitting any party in the market.

"Artificial pricing cannot be lucrative for anyone. We urge the BSEC to lift the floor price fast."

All stakeholders from brokers and merchant bankers to asset management companies have long opposed the floor price mechanism as their business has been seriously affected.

But BSEC Chairman Shibli

Rubayet-Ul-Islam last month said the stock market regulator would withdraw the floor price as soon as the economy returns to normalcy.

Bangladesh's economy is going through a difficult situation owing to the volatility in the foreign exchange market, driven largely by the Ukraine war, and the conflict shows no sign of coming to an end anytime soon.

This means banks might continue to see a large volume of their funds, which are basically depositors' money, remain stuck in the stock market in the coming months, yielding insignificant returns, which will ultimately hit their bottom line.

## BGMEA misses

FROM PAGE B1

election board as soon as possible.

Hassan was elected as the BGMEA chief from the Sammilita Parishad in the biennial election that took place in April 2021.

Faisal Samad, leader of the Forum, another panel of the association, said the Forum had reminded the president several times of forming the election board since time was running out, but he had not paid any heed.

As per the charter of the association and the conditions of the extension, the last date for the formation of the board was July 10, but the deadline was missed, the BGMEA director said.

So, the BGMEA might face a constitutional challenge as the election might not be held on time, he said, adding that the president did not uphold the constitution of the association by not setting up the board.

In January this year, the incumbent board decided to extend the tenure of the current board for six months, citing bad business conditions following the Russia-Ukraine war, the severe fallout of Covid-19 and a lower inflow of work orders from international buyers.



## DGepay gets payment operator's licence

STAR BUSINESS REPORT

DGepay Services Limited has received the licence to run as a payment system operator.

The company will run operation as a white label merchant acquirer inside the country under the brand "DG e-pay", said the central bank in a notice yesterday.

A white label merchant acquirer is a non-bank entity that deploys, owns and operates automated teller machines and offers in-store merchant acquiring services such as point of sale/quick response payments.

Besides, they may provide e-commerce merchant acquiring facilities as well.

DGepay is the first PSO in Bangladesh with a no-objection certificate from the central bank for white label merchant acquisition, according to the company's website.

## Toyota revamps iconic Land Cruiser with hybrid version

REUTERS, Tokyo

Toyota on Wednesday unveiled the first hybrid version of its Land Cruiser that it will bring to North America and other key markets as it seeks to put a high-margin and iconic sports utility vehicle back on the map.

The world's biggest automaker by sales said it will produce the new model of the brand that traces its roots to 1951 as well as a smaller, newly released variant at two factories in Japan and ship them overseas from there.

The new model will mainly - but not exclusively - be sold as a hybrid in the United States, which will give existing owners of less fuel-efficient Land Cruisers the option to switch to cleaner cars, said Hiroki Nakajima, Toyota's chief technology officer. "We'll offer vehicles that customers hope for," he said.

Land Cruiser models are relatively big cars that come with a higher profitability for Toyota, just as is the case for some other models such as its Alphard van, said Seiji Sugiura, an analyst at Tokai Tokyo Research Institute.

"Land Cruisers and Alphards have a high profitability even under the Toyota brand," Sugiura said, adding that will go up further if models are sold under the Lexus brand.



PHOTO: SHEIKH NASIR

Workers are seen unloading imported limestone from a vessel along the Surma river in Sunamganj. Limestone, which is a raw material used in construction, tanneries, and other industries, is mainly imported from India, Nepal, Bhutan and Indonesia. The picture was taken recently.

# Why unemployment rate is decreasing

MD ASADUZ ZAMAN

Unemployment has declined in Bangladesh, and although this means more people are contributing to the economy, analysts are not too upbeat about the development as most of the growth took place in agriculture.

This is because the statistics show that opportunities for jobs in industry and service-related sectors are not growing at an adequate pace, they said.

Data of the Bangladesh Bureau of Statistics (BBS) indicate that the number of unemployed people declined by 60,000, or 2.3 percent year-on-year, to 25 lakh in the April-June quarter of 2023.

"This is not good news for us [the economy] as it means that opportunities for expansion in formal sectors are not being properly used," Ahsan H Mansur, a noted economist, said yesterday.

"It is like we are not moving forward," added Mansur, who is an executive director of the Policy Research Institute (PRI) of Bangladesh.

Mansur also said it is mostly people who lack the necessary skills to move to the industrial service sectors that involve themselves with agriculture.

The number of job holders in the country stood at 7.07 crore in the April-June period.

However, employment in the service sector dropped to 2.74 crore from 2.75 crore during the corresponding period a year ago.

On the other hand, employment in the industrial sector grew by 40,000 to 1.21 crore at the same time.

In the case of agriculture, employment rose to 3.11 crore from 3.08 crore, according to the BBS' quarterly Labour Force Survey

released late last month.

As such, the data shows that the agriculture sector is still the country's main source for jobs, accounting for 44 percent of the overall employment figures.

Rizwanul Islam, an economist and former special adviser for employment at the International Labour Organisation (ILO) in Geneva, said the increased employment in agriculture is contrary to expectations.

**BBS data shows that the number of unemployed people declined by 60,000, or 2.3 per cent year-on-year, to 25 lakh in the April-June quarter of 2023.**

"This implies a reversal of the trend of development," he added while pointing out that the decline in employment in the service sector contradicts the usual pattern of development.

Islam also said that while there was a small rise in employment in the industrial sector as a whole, the figures may have actually declined in the manufacturing segment.

He pointed out that overall employment grew by only 0.33 percent compared to the country's 6 percent growth in gross domestic product, which is very low.

Additionally, the growth in employment is low compared to that of the labour force.

"But the true trend in informal sector

employment is not known because detailed data has not been reported," Islam said.

A key indicator of the performance of the labour market is the trend in real wages, which has been falling for more than a year.

"Considering all this, I don't see any reason to celebrate the decline in unemployment. Such figures say very little about the real situation due to the manner in which they are measured," Islam added.

As defined by the BBS, a person is considered unemployed when they have not worked for even an hour for an entire week or are temporarily absent from their position.

"So, alternative indicators are needed to understand the real situation," Islam said.

The BBS survey also indicates that unemployment increased among men but decreased among women.

The PRI's Mansur agreed that the definition of unemployment does not reflect the real situation.

"If we get the proper underemployment scenario, we will understand the real situation," he said.

As per ILO guidelines, underemployment includes persons who, even though they worked or had a job during the reference week, were willing and available to work at better or more adequate positions.

Aziza Rahman, project director of the Labour Force Survey, said the BBS conducted the study in line with the ILO's definition of unemployment.

"Our full report may be published next month [September], where the BBS will publish the details of underemployment," Rahman added.

## Nagad returns NBFI licence to become digital bank

STAR BUSINESS REPORT

Nagad has surrendered its non-bank financial institution (NBFI) licence as most of its shareholders are for it to become a digital bank, said Tanvir A Mishuk, managing director of the mobile financial service (MFS) provider, yesterday.

For this purpose, an entity named "Nagad Digital Bank PLC" will apply to Bangladesh Bank soon. "We will take the license of MFS after getting the licence of digital bank," he said.

Since its inception, Nagad has been offering MFS with an "interim" approval to operate as a service under Bangladesh Post Office.

Nagad introduces itself as the "digital financial service of Bangladesh Post Office" although the post office does not have any ownership of Nagad and only gets a share of Nagad's revenue.

The central bank gave the letter of intent to Nagad Finance on August 30. On January 12 this year, Bangladesh Bank decided in principle to allow Nagad Finance to run MFS, the first such approval granted to any NBFI in the country.

Asked how Nagad was so sure of getting an MFS licence as a digital bank even though it has not even applied for it, Muhammad Zahidul Islam, head of public communications, said the government was moving fast towards providing digital bank licences.

**A savings option will also be introduced in Nagad Digital Bank along with insurance products, said its managing director**

"It will be understandable very soon (whether Nagad will get a digital bank licence). If not, there is also an option to get MFS licence through a government agency...Nagad can get licence through post office," he added.

"We had applied for NBFI (licence) because there was no guideline for digital banks at that time...making a profit (as an NBFI) will be very difficult as return on investment is very low," said Mishuk.

He said they were looking to introduce loan products for small and medium enterprises (SMEs) that face challenges in accessing finance.

"Many SMEs in Bangladesh need working capital for a day or two but they have to take that loan from loan sharks paying high interest. So, we want to introduce flexible and suitable loan products for them," he said.

A savings option will also be introduced in Nagad Digital Bank along with insurance products, said Mishuk.

"Nagad wants to ensure financial inclusion by 2025. It will be possible to do this if the digital bank is formed," he told reporters at his office.

Most of Nagad's shareholders will join the digital bank initiative, he said, adding that Nagad's current shareholder Summit Group also expressed interest to become involved with Nagad Digital Bank.

During the conversation, Mishuk highlighted how Nagad being recently recognised as the fastest-growing "unicorn" would pave the way for drawing more foreign investment in Bangladesh.

He said Nagad currently has over 8 crore customers availing daily transactions of Tk 1,000 crore alongside 2.5 lakh agents or entrepreneur points across the country.

"We will use this network for the faster expansion of the digital bank if we get approval," he added.

## India's edible oil import hits record high

REUTERS, Mumbai

India's edible oil imports in July rose to a record 1.76 million metric tonnes as refiners built up stocks for upcoming festivals given uncertainty over supplies from the Black Sea, five dealers told Reuters.

Higher purchases by the world's biggest importer of vegetable oils could help to lower palm oil stocks in Indonesia and Malaysia and support benchmark futures. They would also strengthen soyoil futures and could reduce inventories in sunflower oil-producing Black Sea countries.

India's average monthly edible oil imports in the 2021/22 marketing year were 1.17 million tonnes, trade body Solvent Extractors' Association of India (SEA) said. In June, India imported 1.3 million tonnes of edible oils.

Palm oil imports increased from 683,133 tonnes in June to 1.09 million tonnes in July, the highest in seven months, according to average estimates from the dealers.

Palm oil's discount over soyoil and sunoil widened and prompted refiners to increase purchases for the upcoming festivals, Sandeep Bajoria, CEO of Sunvin Group, a vegetable oil brokerage and consultancy firm, said.

The SEA is likely to publish its July vegetable oil import data by mid-August.

Because of the Russia-Ukraine crisis, importers are maintaining substantial oil reserves to ensure they are well-stocked and avoid any potential shortages, said Rajesh Patel, managing partner at GGN Research, an edible oil trader and broker.

## Major global firms warn of slow China sales

REUTERS

Global firms from consumer goods giant Unilever to automaker Nissan and machinery maker Caterpillar have warned of slowing earnings in China as the world's second-largest economy loses its post-pandemic bounce.

A continued rebound has been limited to a handful of sectors such as dining and luxury goods, driving double-digit China sales growth for the likes of Starbucks, LVMH and Hugo Boss.

But even those bellwethers have stopped short of raising their China outlook, wary of lacklustre economic data, while consumer goods firms such as Procter & Gamble, L'Oreal and Coca-Cola have taken a cautious stance.

"What we're seeing is a very cautious consumer in China, a declining property market and reduced export demand," Unilever finance chief Graeme Pitkethly told April-June earnings call last week.

"And there is high unemployment in China, particularly youth unemployment ... As much as we can tell, we're at the historical low point in terms of Chinese consumer confidence."

Ireland-based Kerry Group, which supplies ingredients to companies like McDonald's, said its volumes have increased in China since Covid restrictions ended.

But chief executive Edmond Scanlon cautioned on Wednesday that business would not get back to normal there until 2024. Beijing has rolled out a series of policy measures in recent weeks to shore up the flagging economy, but weak manufacturing data for July on Tuesday underscored concerns it is still

far from turning a corner.

That is a particular blow for European companies that are major exporters to China, which are already struggling with persistent global price pressures and rising borrowing costs.

"China is stimulating right now and we'll have to see what the success of

those efforts are," said Tony Roth, chief investment officer at Wilmington Trust Investment Advisors.

Global automakers are also having to contend with increased competition from rivals in China, which for the first time took a more than 50 percent share of the Chinese market in the first half of 2023. Volkswagen cut its full-year sales target last week after sales dipped in China, its top market.

"Unfortunately, our (China) sales outlook is now falling far below our production capacity," Nissan CEO Makoto Uchida said last week. Earnings recovery in the world's biggest auto market is likely to take time, he said.

Expectations for second-quarter earnings are already low due in part to China's weakness. Refinitiv I/B/E/S data show US and European companies are expected to report their worst quarterly results in years.

The short-lived bounce in economic activity after China lifted its long Covid lockdowns also highlights poor global demand, DHL Group, one of the world's biggest shippers, said on Tuesday.

The company saw drops of 15.95 percent and 7.1 percent respectively in air and ocean freight volumes in the first half, particularly on routes between China and its two biggest trading partners, the United States and Europe.



A salesperson folds clothes at the entrance of a shop as pedestrians walk and cycle past in Beijing.

PHOTO: AFP/FILE