

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