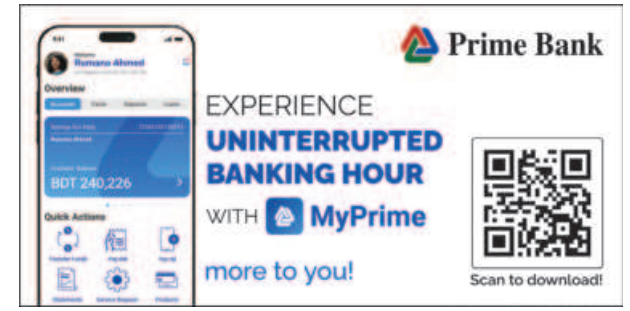


# Star BUSINESS



## US wants to help build capacity of BFIU

**STAR BUSINESS REPORT**  
A visiting US Department of State official yesterday showed interest on developing the capacity of Bangladesh Financial Intelligence Unit (BFIU) to prevent money laundering and terrorist financing. The BFIU is a government agency of Bangladesh responsible for investigating money laundering, suspicious transactions and cash transaction reports. Richard Nephew, the state department's coordinator on global anti-corruption, expressed the interest in a meeting with a three-member team of the BFIU comprising Director Md Rafiqul Islam, Additional Director Kamal Hossain and Joint Director Zobaidda Afroze. When contacted by The

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### AT A GLANCE

- LAUNCH** MFS was launched in 2011
- APPROVED** A total of 27 banks took approval initially
- OPEN** In 2016, 19 banks launched MFS
- CLOSED** Many of the operators were closed
- OPERATING** Currently, there are 13 MFS platforms in total
- DOMINANCE** Only two -- bKash and Nagad -- dominate market

### REASONS BEHIND SUCCESS

- Long-term plan
- Investment and innovation
- Following subsidiary model

### CUSTOMERS

- More than 20cr customers in the country
- bKash has 7cr account holders
- Nagad has 8cr account holders

### TRANSACTION

- Total daily transaction Tk 3,500cr
- bKash's daily transaction Tk 2,000cr
- Nagad's daily transaction Tk 1,000cr

### REASONS BEHIND FAILURE

- Abrupt cuts in investment
- High customer acquisition cost
- High technology costs
- Exorbitant cost of operation
- Lack of skilled human resources
- Lack of understanding about market

### OTHER TOP OPERATORS

Rocket, Upay, Tap

MFS is a highly competitive virtual retail banking service and it is as volatile as any fast-moving consumer product. Not all of the companies that have obtained licences necessarily have the required insights about this business. As a result, they have failed.

Abu Saeed Khan  
senior policy fellow at LIRNEasia

## Biman to resume Dhaka-Guangzhou flights

**RASHIDUL HASAN**  
Biman Bangladesh Airlines is going to resume direct flights from Dhaka to China's Guangzhou from September 14. Biman flight BG366 will depart from Hazrat Shahjalal International Airport for Guangzhou at 10:20pm on that day, the airline said in a press release. On this occasion, ticket sales for this route have already started at special discounts which would be available till the end of this year. The minimum one-way economy class fare will start from Tk 30,670 per person and the minimum fare for a return ticket will start at Tk 50,539. On the other hand, the lowest one-way economy class fare on the Guangzhou-Dhaka route will start from Tk 24,157 per person and the lowest return ticket price will start at Tk 48,911. Every Sunday, Tuesday and Thursday, the Biman flight will depart from Dhaka at 10:20pm and

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# Most MFS operators struggle in a booming market

**MAHMUDUL HASAN and MD MEHEDI HASAN**  
In 2011 when mobile financial service (MFS) was introduced in Bangladesh, 27 banks took the approval from the central bank as many had correctly predicted an impending boom in mobile banking amid rising usage of cell phones. Not all licencees saw the light of the day and 19 firms rolled out the service by 2016. Of them, 13 entities currently exist in a market that witnesses more than Tk 3,500 crore worth of transactions every day and the amount is only rising. Dutch-Bangla Bank Ltd pioneered the country's first MFS operation in March 2011 by introducing DBBL Mobile, which was later rebranded Rocket. bKash, a subsidiary of Brac Bank, followed suit three months later. Currently, bKash, Nagad -- an MFS wing of Bangladesh Post Office that made a foray into the industry in 2019 -- and Rocket control more than 80 percent of the market in terms of subscribers, which numbered 20.4 crore in May. One of the MFS operators that saw early demise was Standard Bank's Spot Cash. "We couldn't attract enough customers in the beginning, so we didn't go ahead," said Md

Rabiul Hasan, an official of the private commercial lender. For Spot Cash, high operating expenses, driven by escalated customer acquisition costs and the high price of software, were the main factor for its closure. Since the MFS was almost inactive for some years, the Bangladesh Bank instructed it to close down last year. MYCash, owned by Mercantile Bank, has been operational for more than six years but is yet to establish a vibrant presence. Mati Ul Hasan, additional managing director of the bank, said: "It is true that MYCash is going slowly, but we have almost reached break-even." Not only MYCash, other MFS operators except bKash, Nagad and Rocket, have not thrived due mainly to higher expenditures. Hasan said leading MFS providers such as bKash and Nagad have been able to widen

their footprint by way of appointing agents, which costs exorbitantly. "If we want to appoint agents, our service will incur losses. MYCash has a specific group of clients and they are always using our service." Meghna Bank was awarded the licence in 2016 and its brand name was Tap & Pay. Recently, the bank changed the name to "MeghnaPay" as part of the rebranding. Sohail RK Hussain, managing director of the bank, says the bank had been operating the MFS through a third party and it did not run it properly. The bank has cancelled the agreement with the third party. Currently, Meghna Bank runs the service on its own and plans to make it profitable. It signed a deal with mobile phone operator Grameenphone to settle cash-out and cash-in services.

"Distribution channel is very important for the success of MFS, so we have a plan to roll out the same cash-out and cash-in points like those of bKash and Nagad." MeghnaPay has 5 lakh clients. A senior official of the BB's payments system department says subsidiary-based MFS providers are doing well than those being offered as a product of a bank. He cited the example of Upay of UCB Fintech Company Ltd and Trust Axiata pay: tap of Trust Axiata Digital Ltd. TeleCash is an MFS product of Southeast Bank and now the bank wants to form a subsidiary to run it. The bank has already sent a proposal to the BB to this effect, said an official. Presently, bKash and Nagad dominate the sector with more than 75 percent market share between them in terms of transactions. In terms of customers, the share stands at over 85 percent. Experts and industry insiders say the reluctance to invest, a lack of skilled workforce and the dominance of two to three players have been standing in the way of other operators. "The main problem is that banks have been uninterested in investing substantially. They want quick returns, but you can't make a profit overnight in

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## Factories at API park still unable to start production

**Blame bureaucratic tangles, lack of gas for delay**

**JAGARAN CHAKMA**  
Makers of active pharmaceutical ingredients (API) at the API Industrial Park in Gazaria of Munshiganj have fallen into uncertainty as bureaucratic complexities and the lack of gas connections are preventing them from starting production. Investors of API industries now need to secure a number of certifications before starting commercial production due to the enactment of the Drugs and Cosmetics Act, 2023.

**Investors of API industries now need to secure a number of certifications before starting commercial production due to the enactment of the Drugs and Cosmetics Act, 2023**

Earlier, API manufacturers would only need a licence from the Directorate General of Drug Administration (DGDA). But now, they also need permission from the Department of Narcotics, the Department of Explosives and the Ministry of Commerce before commissioning their units, which is a time-consuming process. As such, the pharmaceutical sector will face challenges related to patent law after Bangladesh graduates from the UN's list of least developed countries (LDC) in 2026, according to industry people. Acme Laboratories, Healthcare Pharmaceuticals, and Ibn Sina Pharmaceutical Industry have already set up plants at the industrial park, but the bureaucratic tangles and lack of gas are preventing them from going into trial production. "The facility was all set to begin production but suddenly fell in trouble due to the lack of gas connection and bureaucratic complexities, namely the enactment of the Drugs and Cosmetics Act, 2023," said Muhammad Halimuzzaman, deputy managing director of Healthcare Pharmaceuticals Ltd.

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STOCKS	
DSEX ▼	CASPI ▼
0.25%	0.21%
6,299.65	18,624.38

COMMODITIES	
Gold ▼	Oil ▼
\$1,934.82	\$82.07
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.35%	▲ 0.19%	▲ 0.53%	▼ 0.59%
65,953.48	32,254.56	3,309.87	3,277.83

## 12 companies to get Bangabandhu industrial award

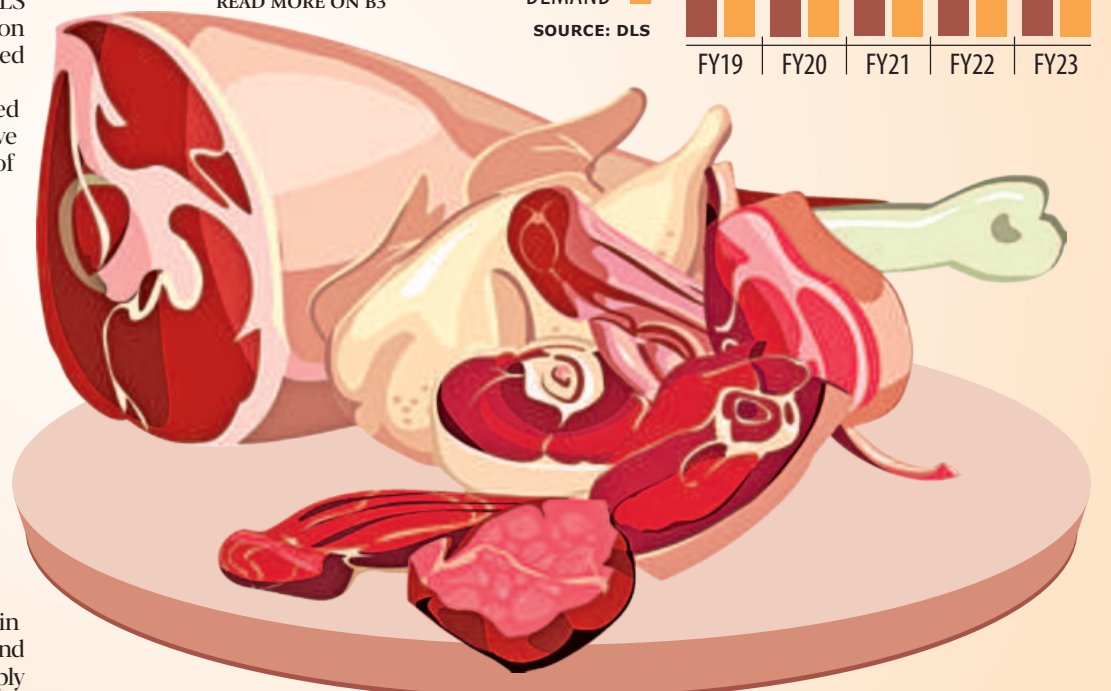
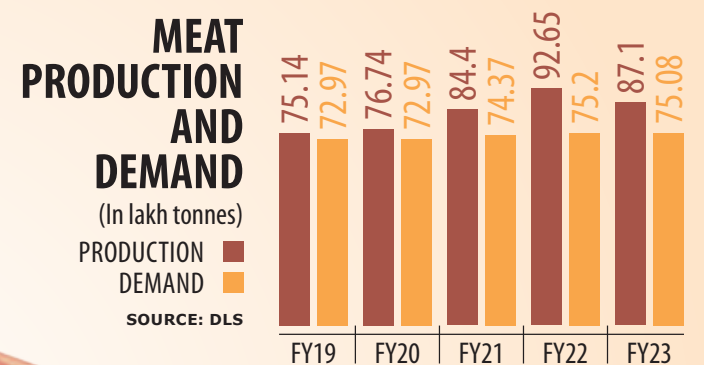
**STAR BUSINESS REPORT**  
The government has published the names of 12 companies that have been selected for the Bangabandhu Sheikh Mujib Industrial Award 2022 for their contribution to the economy. The industries ministries picked the companies in six categories, according to a gazette notification on August 6. In the large industries category, Runner Automobiles secured the first place, followed by Zaber & Zubair Fabrics, and BSRM Steels. Nita Company Ltd, an enterprise of Nitol Group, secured the top position in the medium-scale industries category. Noman Terry Towel Mills ranked second. Hazrat Amanat Shah Spinning Mills, Basumati Distribution, and Technomedia Ltd were respectively named first, second and third under the small-scale industries category. In the micro-industries category, Green Genesis Engineering won first place. Walton Hi-tech Industries bagged the top honour in the hi-tech industries category while Super Star Electrical Accessories was in the second position. Shamsunnahar Textile Mills received the first prize in the cottage industries category. The first prize winner will receive Tk 3 lakh, a gold crest weighing 25 grammes, and a certificate. The second prize recipient will get Tk 2 lakh, a gold crest weighing 18 grammes, and a certificate, while the third prize winner will be given Tk 1 lakh, a gold crest of 15 grammes, and a certificate. The Bangabandhu Sheikh Mujib Industrial Award was introduced last year, marking the birth centenary of the Father of the Nation.

## Why meat prices rising despite surplus production

**SUKANTA HALDER and MD ABU TALHA SARKER**  
While the Department of Livestock Services (DLS) estimates a surplus of meat production in the country, prices of all -- be it chicken meat, mutton or beef -- have risen, raising questions about the authenticity of production and demand estimates. Data from the DLS showed that meat production in Bangladesh stood at 87.10 lakh tonnes in fiscal year (FY) 2022-23 against a demand of 76.08 lakh tonnes, meaning there was a surplus of 11 lakh tonnes. Despite the surplus, consumers in Dhaka city had to pay 10 percent higher prices for broiler chicken meat and 15.04 percent higher prices for beef yesterday from that a year ago, according to prices data compiled by the state-run Trading Corporation of Bangladesh (TCB).

DLS officials, poultry breeders and dairy farmers supported the surplus production estimate of the DLS and blamed the price spiral on an increase in the cost of feed and other inputs. Analysts, however, pointed out that the prices should have gone down as per the law of demand and supply -- that higher supply against demand causes prices to go down whereas prices rise when demand is higher than supply. "It is natural for prices to go down if there is excess supply in the market. Here either demand is underestimated or supply

is overestimated," said Selim Raihan, a professor of economics at the University of Dhaka.  
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**Md Ahsan-uz-Zaman, managing director of Midland Bank, and Mohammed Rashid, director of Placid NK Corporation, exchange signed documents of an agreement on remittance services at the bank's head office in Gulshan recently.**

PHOTO: MIDLAND BANK

## Midland Bank, Placid NK to offer remittance services

STAR BUSINESS DESK

Midland Bank Ltd recently signed an agreement with Placid NK Corporation, a global money transfer company, to establish remittance drawing arrangements fostering seamless and secure cross-border fund transfers.

Md Ahsan-uz-Zaman, managing director and CEO of the bank, and Mohammed Rashid, director of the money transfer company, inked the deal at the bank's head office in Gulshan, said a press release.

Under the deal, the bank will be able to disburse remittances from its branches and agent banking centres sourced through this global money transfer company.

Among others, Khondkar Towfique Hossain, head of international division of the bank, Nazmul Ahsan, head of treasury division, Nafisa Chowdhury, head of NRB banking unit, and Faroque Helaly, Bangladesh country head of the money transfer company, were present.

## Dollar on guard

REUTERS, London/Singapore

The dollar rose on Monday after a mixed US jobs report on Friday sent the US currency to a one-week low, with market focus turning to inflation data from the world's two largest economies due this week.

The euro weakened after data on Monday showed German industrial production dropped more strongly than forecast in June, underlining the challenges faced by the manufacturing sector amid a downturn in Europe's largest economy.

The dollar recovered from a one-week low hit on Friday in the aftermath of the data showing the US economy added fewer jobs than expected in July, with its daily losses limited by signs of solid wage gains and a decline in the unemployment rate.

That suggested the Federal Reserve may need to keep rates higher for longer.

The US dollar index, measuring the greenback against a basket of other major currencies, was last 0.25 percent higher at 102.31, moving away from Friday's low of 101.73.

US inflation data is due on Thursday, where expectations are for core inflation of 4.7 percent on an annual basis in July.



"We are seeing a cooling of the labour market, but it's not collapsing. It's doing what we hoped it would do," said Pepperstone's Head of Research Chris Weston.

"It's hard to see the pullback being big across the dollar pairs, because fundamentally the US has still got the best growth, you (have) a central bank which is still very much data dependant," said Weston.

"I think there are risks this week that the CPI number comes out above expectations."

Against the dollar, the euro fell 0.34 percent to \$1.0975, marching towards a one-month low.

"This morning's... weaker than expected German industrial production data is a reminder of the headwinds facing the euro zone economy and the possibility that ECB (European Central Bank) rates may have already peaked," said Jane Foley, head of FX strategy at Rabobank.

Also, due this week is China's July inflation print on Wednesday, with traders on the lookout for further signs of deflation in the world's second-largest economy.

MUFG analysts said in a note that they expected the country's headline CPI to register deflation after growth in consumer prices stalled in June.

"While the narrative of soft recovery in China likely remains intact in the short term, continued support from the Chinese government should boost the yuan."

The Chinese yuan hovered near a two-week low, with its offshore counterpart last 0.2 percent lower at 7.2012 per dollar.

## Prime Bank, Bida sign MoU

STAR BUSINESS DESK

Prime Bank Ltd recently signed a memorandum of understanding (MoU) with Bangladesh Investment Development Authority (Bida) to provide one stop banking service to foreign investors.

Shams Abdullah Muhaimin, deputy managing director of the bank, and Jibon Krishna Saha Roy, director general of the Bida, signed the MoU in this regard at the latter's office in Agargaon of Dhaka, said a press release.

"This partnership with Bida will open up the doors for Prime Bank to proudly contribute to the facilitation of investment in Bangladesh," said Muhaimin.

This partnership will facilitate the foreign investors with a sophisticated banking solution that ranges from online bank account and temporary bank account opening to an exclusive transactional service to ease their operations.

Among others, Lokman Hossain Miah, executive chairman of the Bida, was present.



**Shams Abdullah Muhaimin, deputy managing director of Prime Bank, and Jibon Krishna Saha Roy, director general of Bangladesh Investment Development Authority, sign a memorandum of understanding on one-stop banking services at the latter's office in Agargaon of Dhaka recently.**

PHOTO: PRIME BANK



**M Khorshed Anwar, deputy managing director of Eastern Bank, Syed Zulkar Nayan, head of business, Sarmin Atik, head of liability and wealth management, Tasnim Hussain, head of cards, Mohammad Salekeen Ibrahim, head of asset, and Tanzeri Hoque, head of priority and women banking, attend the launching programme of the "EBL Visa Women Signature Cards" for women entrepreneurs at the bank's head office in Dhaka yesterday.**

PHOTO: EASTERN BANK

## EBL launches credit card for women entrepreneurs

STAR BUSINESS DESK

Eastern Bank Ltd launched an EBL women signature credit card during a panel discussion styled "Women in Start-up: A Journey towards Smart Bangladesh" at the bank's head office in Dhaka yesterday.

Tailored for women entrepreneurs, the VISA credit card features a diverse range of exclusive lifestyle benefits among many others, and a comprehensive risk assurance programme as well.

Ziaul Karim, head of communications and external affairs of the bank, moderated the programme, where Russell T Ahmed, president of Bangladesh Association of Software and Information Services, Sadia Haque, co-founder and CEO of ShareTrip, Achia Nila, founder and CEO of Women In Digital, and Tasnuva Shelley, CEO and founder of Legalized Education Bangladesh Ltd, were present.

## Yuan loses core support as firms leave China



REUTERS, Shanghai/Sydney

Since China opened to foreign investment in 1978 under Deng Xiaoping, global firms have ploughed in hundreds of billions of dollars to buy and build factories for market access and cheap labour, bolstering the Chinese currency.

A gentle downtrend in foreign direct investment gave way to a steep drop last quarter and inflows to China slammed to their lowest since records began 25 years ago, raising the prospect that the long-term trend is turning.

Corporate leaders and their advisers say a shift is under way and the political concerns behind investment decisions are long term, which leaves the yuan facing pressure from what was long one of its staunchest supports.

"FDI has historically not been a huge swing factor in the exchange rate's value, because you typically had surpluses of \$50 to \$100 billion a year," said Logan Wright, director of China Markets Research at analytics firm Rhodium Group.

"But when that swings to a deficit, which is where it is right now... that's a pretty big adjustment."

Foreign direct investment (FDI) inflow slowed to less than \$4.9 billion for the second quarter, while Chinese companies' investments abroad sent net direct investment to a record deficit of \$34.1 billion, figures published last week by China's State Administration of Foreign Exchange (SAFE) showed.

Investors and analysts say the decline is the result of firms' nervousness over the direction of competitive and political friction

between China and the West which has already led to trade and investment restrictions and a diplomatic chill.

Sources have told Reuters the Biden administration is likely to adopt new outbound investment restrictions on China in the coming weeks. Japan, the US and Europe have already restricted the sale of high tech chipmaking tools to Chinese companies while China has hit back by throttling exports of raw materials.



Diplomatic tensions aside, business confidence had already been eroded by three years of Beijing's strict "zero-Covid" policy of quarantines and lockdowns that disrupted manufacturing and supply chains.

China's regulatory crackdowns on some industries and raids on US consulting firms have also been unnerving, leading businesses to fret over when and where the next hit was coming.

"I don't have one client wanting to invest in China. Not a single client," said John Ramig, partner at law firm Buchalter, who specialises in international business deals and

structuring of manufacturing.

"Everyone is looking to either sell their Chinese operation, or if they're sourcing products in China, they're looking for an alternative place to do that," he said. "That's dramatically different from what it was even five years ago."

Oxford Economics' analysts say greenfield flows into new production capacities, probably best capture the forward-looking sentiment and have been sliding for years to total just \$18 billion in 2022 from running around \$100 billion a year in 2010-2011.

The slide in China FDI has been eye-catching because it has for so long been taken for granted as a fact of global trade and its unravelling portends deeper shifts.

Unlike more fickle portfolio flows from investors, companies' spending, while cyclical, tends to be stickier and steadier as firms establish and expand production — meaning economic consequences are likely as it unravels.

Pressure on the exchange rate is already being felt.

Dollar purchases via Chinese banks for outbound direct investment has consistently exceeded yuan purchases for foreign inbound investment this year, resulting in six consecutive months of outflows, according to latest SAFE data.

That trend was also captured by Ministry of Commerce data, which showed that paid-in FDI fell 5.6 percent during the first five months of the year, the biggest decline in three years.

The yuan is down about 4 percent on the dollar this year, even as the US currency has fallen elsewhere, and has only found support as the central bank has guided its trading range off lows and state banks have been buying in the spot market.

## Will AI be an economic blessing

FROM PAGE B4

Such concerns are not unfounded. History shows the economic impact of technological advances is generally uncertain, unequal and sometimes outright malign.

A book published this year by Johnson and fellow MIT economist Daron Acemoglu surveyed a thousand years of technology - from the plough through to automated self-checkout kiosks - in terms of their success in creating jobs and spreading wealth.

While the spinning jenny was key to 18th century automation of the textiles industry, they found it led to longer working hours in harsher conditions. Mechanical cotton gins facilitated the 19th century expansion of slavery in the American South.

The track record of the Internet is complex: it has created many new job roles even as much of the wealth generated has gone to a handful of billionaires. The productivity gains it was once lauded for have slowed across many economies.

A June research note by French bank Natixis suggested that was because even a technology as pervasive as the Internet left many sectors untouched, while many of the jobs it created were low-skilled - think of the delivery chain for online purchases.

"Conclusion: We should be cautious when estimating the effects of artificial intelligence on labour productivity," Natixis warned.

In a globalised economy, there are other reasons to doubt whether the potential gains of AI will be felt evenly.

On the one hand, there is the risk of a "race to the bottom" as governments compete for AI investment with increasingly lax regulation. On the other, the barriers to luring that investment might be so high as to leave many poorer countries behind.

"You have to have the right infrastructure - huge computing capacity," said Stefano Scarpetta, Director of Employment, Labour and Social Affairs at the Paris-

based Organisation for Economic Cooperation and Development (OECD). "We have the G7 Hiroshima Process, we need to go further to the G20 and UN," he said, advocating the expansion of an accord at a May summit of Group of Seven (G7) powers to jointly seek to understand the opportunities and challenges of generative AI.

Innovation, it turns out, is the easy bit. Harder is making it work for everyone - which is where politics comes in. For MIT's Johnson, the arrival of railways in 19th century England at a moment of rapid democratic reform allowed those advances to be enjoyed by wider society, be it through faster transport of fresh food or a first taste of leisure travel.

Similar democratic gains elsewhere helped millions enjoy the fruits of technological advance well into the 20th century. But Johnson contends that this started changing with the aggressive shareholder capitalism that has marked the last four decades.

The automated self-checkout, he argues, is a case in point. Groceries do not become cheaper, shoppers' lives are not transformed and no new task is created - just the profit gain from the reduction of labour costs.

Worker groups, which have lost much of the clout they had before the 1980s, identify AI as a potential threat to workers' rights as well as employment, for example if there is no human control on AI-steered hiring and firing decisions.

Mary Towers, employment rights policy officer at Britain's Trades Union Congress, cited the importance of unions "having statutory consultation rights, having the ability to collectively bargain around technology at work".

That is just one of several factors that will help determine how AI shapes our economic lives - from antitrust policies that ensure healthy competition among AI suppliers through to re-training of workforces. An OECD survey of some 5,300

workers published in July suggested that AI could benefit job satisfaction, health and wages but was also seen posing risks around privacy, reinforcing workplace biases and pushing people to overwork.

"The question is: will AI exacerbate existing inequalities or could it actually help us get back to something much fairer?" said Johnson.

## China's exports

FROM PAGE B4

Chinese factory activity fell for a fourth straight month in July, threatening growth prospects for the third quarter and increasing pressure on officials to deliver promised policy measures to boost domestic demand, with the services and construction sectors teetering on the brink of contraction.

China's state planner hinted of stimulus over three press conferences convened last week, but investors were underwhelmed by proposals to expand consumption in the automobile, real estate and services sectors as well as extend loan support tools for small and medium-sized enterprises until the end of 2024.

As many of China's major markets grapple with higher borrowing costs amid a battle to bring down soaring inflation, authorities in Beijing are walking a tight rope in trying to boost domestic consumption without easing monetary policy too much lest it triggers large capital outflows.

Imports are expected to have shrunk by 5.0 percent, after a fall of 6.8 percent in June, reflecting slightly improved domestic demand.

But South Korean exports to China, a leading indicator for imports to the Asian giant dropped 25.1 percent in July from a year earlier, the sharpest in three months.

The median estimate in the poll indicated only marginal change in China's trade surplus, with analysts predicting it will come in at \$70.60 billion, compared with 70.62 billion in June. China's trade data will be released on Tuesday.



A man is seen at a flooded drug store in the Agrabad area of Chattogram. Incessant rain for the past two days has disrupted commercial activities at the port city, especially in the Chaktai-Khatunganj wholesale market, which houses thousands of businesses and storage facilities. The picture was taken on Sunday. PHOTO: RAJIB RAIHAN

## German industry output plunges

AFP, Berlin

German industrial output plunged in June, official data showed Monday, with the economy ministry warning of a gloomy outlook as high energy prices and interest rates took their toll.

Output fell for the second consecutive month, but the drop of 1.5 percent from a month ago was wider than the 0.1 percent slip in May, according to data published by the Federal Statistics Office Destatis.

It was also a bigger fall than expected by analysts polled by Factset, who forecasted a 0.5 percent decline. Germany's industrial heavyweight automobile sector showed a significant fall of 3.5 percent.

"The outlook for the industrial economy remains gloomy despite the rising demand, because these are strongly affected by fluctuations of big orders," said the economy ministry.

"Given the subdued business and export expectations of companies, there is currently no sign of a noticeable recovery."

ING analyst Carsten Brzeski said the latest poor data was "another illustration of the country's ongoing stagnation" and warned that it could also be a harbinger of further bad news.

"With today's numbers, the risk has increased that the flash estimate of stagnating GDP growth in the second quarter could still be revised downwards," he said.

# Rains drown sales at Chaktai-Khatunganj market

STAR BUSINESS REPORT

The situation has worsened for traders of the Chaktai-Khatunganj wholesale market yesterday as incessant rains for the past couple of days in Chattogram have left most of it inundated, resulting in a 60 percent to 70 percent fall in trade.

However, the traders say they have been able to prevent the rain and tidal waters from entering their shops in the market, one of Bangladesh's largest wholesale hubs for household essentials.

According to the Khatunganj Trade and Industries Association, about 4,000 businesses and over 5,000 warehouses are running at the century-old business hub.

But they, alongside the labourers making a living there, said to be passing days with scarcely any work as business activities have almost come to a halt for the last four days.

Many low-lying areas of the port city are also waterlogged, with Chattogram Met Office recording 231.4mm of rainfall, the highest in the district this year, in the 24 hours till 3:00pm yesterday.

A visiting to the market revealed it to be devoid of its usual hubbub as the rains had stymied the movement of goods.

"Our sales have dropped by at least 60 per cent to 70 percent as there are no buyers for the rain," Safiul Islam, executive member of Chaktai-Khatunganj Warehouses

Samiti, an association of people running warehouses in the market, told The Daily Star.

"Most of our customers are not interested to come to the market to buy goods," he said.

"...water has not entered the shops," said Abdur Rahman, a commodity trader of the Badshah Mia market at Khatunganj.

But goods cannot be transported to other areas due to most of the city remaining inundated with water for the past four days, he said.

There is a possibility that the goods could be damaged during transportation as almost all of it is traded out in the open or in sacks while transporters will charge higher rates, he added.

## DSE trade settlement disrupted for tech glitch

STAR BUSINESS REPORT

Trade settlement in Dhaka Stock Exchange was disrupted for about six hours on Sunday due to a technical glitch.

Because of the hitch, 63 stock brokers could not download trade data following trading activities and, as a result, they could not settle any trade.

As the glitch was fixed yesterday, stock trading activities started without any delay in the morning, the bourse said in a press release.

The DSE is working with the vendor of the trade data order management software to avoid recurrence of the problem, it said.

## US banking starts to pick its battles against new capital rules

REUTERS

Now that regulators in Washington have unfurled a hefty reform package of post-financial crisis capital regulations, banking industry advisers are honing in on what they consider most disruptive, including risk management requirements that could affect real estate lending, consumer credit and wealth management.

In a joint proposal on July 27, the top three US bank regulators proposed a thousand-page overhaul that would in aggregate require banks to set aside an additional 16 percent in capital the regulators believe is needed to strengthen the financial system.

By increasing the degree of risk attributed to certain assets, the proposed rules would require banks to hold proportionately more capital, potentially eating into returns on equity and profits. Industry lobby groups such as the Financial Services Forum (FSF), the Bank Policy Institute and the Securities Industry and Financial Markets Association have argued this will make it harder to lend to consumers and warn it will slow the economy.

Though the spring of 2023 saw three of the four biggest bank failures in US history, the FSF reacted to the proposal by saying the Federal Reserve's own stress tests show the largest banks were sound and well capitalised, making the proposal "a solution without a problem."

Industry analysts see areas which the well-financed bank lobby will be eager to red-pencil.

Joe Saas, senior vice president for balance sheet risk at financial services conglomerate FIS, said the proposal's shift from a standard risk charge to a range of risk levels to be allocated to different assets for rental-backed real estate lending would likely be "circled for push-backs."

## Factories at API park

FROM PAGE B1

"Earlier, we would need only one permission from the DGDA, but now we need permission from various government bodies, which takes at least six months to collect," he added.

According to Halimuzzaman, the narcotics department seeks a number of documents before providing a clearance certificate.

With this backdrop, API manufacturers are having to unnecessarily spend more time and money.

"We already invested about Tk 300 crore for setting up the API manufacturing plant through bank financing," he said.

SM Shafiuzzaman, secretary general of the Bangladesh Association of Pharmaceutical Industries, which represents 265 local drug makers, said the overall pharmaceutical sector will face challenges during the LDC transition period due to the delayed commissioning of API industries.

He added that the API industries are helpless at the moment as the government is still unable to provide gas connections at the API industrial park.

Sheikh Maksudur Rahman, director of ACME Laboratories, said both the API and pharmaceutical sectors need alcohol products like methanol as raw materials, which need extra permission from the narcotics department to import.

"So, investors who set up API manufacturing facilities spending crores of taka are facing severe bureaucratic problems," he said.

Besides, the central effluent treatment plant at the API park is yet to launch due to the lack of gas, Rahman added.

Syed Shahidul Islam, the preceding project director, said physical development of the API park has been completed and 27 companies were handed plots for setting up factories.

According to him, all utility connections, sans gas, are available in the area.

He also said an application has been submitted to the Titas Gas Transmission and Distribution Company Limited to provide gas to the API park, but there has been no progress in this regard.

Md Lutful Hyder Masum, general manager (corporate division) and company secretary of Titas Gas,

acknowledged that they received the application but said nothing can be done for now due to the lack of sufficient gas supply.

However, he said they will be able to provide connections within the next one and a half years as the government has signed agreements with different international gas suppliers to this end.

Monjurul Alam, chief executive officer at Beacon Pharmaceuticals Limited, said the country is still unable to utilise its potential for API manufacturing despite the implementation of the API park.

According to him, API manufacturers are keen to develop their own APIs to avoid patent laws after Bangladesh's LDC graduation.

"As we do not have enough time, we need faster permission from relevant government bodies," he said, citing how the pharmaceutical sector will otherwise face a lot of challenges.

Alam also said Beacon realised the problem in advance and that is why they are yet to start setting up a plant at the API park.

"We badly need government support to avoid challenges during the post-graduation period," he added.

## Most MFS operators

FROM PAGE B1

their foray into the market but they have not been able to tap the potential. "The companies that have failed to make their app popular closed."

According to the central banker, despite the discontinuation of some operators, the overall market has grown exponentially over the decade.

"Companies that have scaled up their operations to meet the needs of customers, introduced user-friendly services and invested in technologies fared well. And tech-based businesses need commitment to long-term business."

Md Sohel, a stationery shop owner in Farmgate area and an agent of bKash, Nagad and Rocket, says none has ever told him to highlight their presence and discontinue the service of other MFS platforms.

An agent of Upay, bKash and Nagad in Mirpur says it offers services of the platforms with higher demand.

Fardous Al Banzer Gorkey, an MFS agent in Panchagarh, said apart from bKash and Nagad, some platforms initially showed interest in the business and made some investments.

"Over the years, however, they did not focus on the business and ultimately failed to make any mark."

He said bKash has got the first-mover advantage and continued a steady presence at the retail level. Nagad also has an intention to grow.

Abu Saeed Khan, a senior policy fellow at LIRNEasia, a Colombo-based think-tank, identifies the inability of the entities to understand the market for their failure to succeed.

"MFS is a highly competitive virtual retail banking service and it is as volatile as any fast-moving consumer product. Not all of the companies that have obtained licences have the required insights about this business. As a result, they have failed."

## Why meat prices rising

FROM PAGE B1

said demand has changed for changes in lifestyles. It appears that demand for chicken meat has increased for various types of chicken-based foods, he said.

Bapon Dey, head of poultry science department at Bangladesh Agricultural University, also expressed disagreement with the DLS estimates of production and demand.

"I am not satisfied with the authenticity of DLS's data. There are many differences between this data and the real scenario...This data creates a lot of confusion," said Bapon, an associate professor.

Imran Hasan, secretary general of Bangladesh Restaurant Owners Association (BROA), echoed analysts.

"If the production of meat is greater than demand, it would have had an impact on the market. The price would have been lower than it is now. But that's not the reality," he said.

Yesterday, consumers had to pay up to Tk 780 to buy a kilogramme of beef. Two years ago, the maximum price of beef was Tk 600 per kilogramme.

And amid the high prices of meat, particularly beef and mutton, restaurant operators earlier this week urged the government for easing meat imports to increase supply of animal protein in the market and buoy their sales.

Mohammad Shah Emran, general secretary of Bangladesh Dairy Farmers Association, said the cost of feed, transportation costs and electricity costs were increasing.

Therefore, even though the country is self-sufficient in meat production, the price is increasing, he said.

"In the last one year, the price of almost all feed has increased by 50 percent, the cost of electricity has increased by 10 percent, and the cost of transportation has doubled," said Emran.

Moshiur Raham, managing director of Paragon Group, one of the leading poultry breeders and

feed millers, said Bangladesh has a surplus of broiler chicken meat production and increased feed costs fuelled prices.

But, he said, prices of broiler chicken fell in July owing to a fall in demand. Seasonality and the desire of farmers to rear birds affect supply and demand, he said.

Shamsul Arefin Khaled, president of Bangladesh Poultry Industries Central Council, said broiler chicken meat has become dearer owing to soaring production costs.

In the last one year, the overall cost of production has increased by up to 33 percent resulting from a hike in the prices of feed, electricity and transports, he added.

The Food and Agriculture Organization (FAO) calculates meat requirement at 120 grams per person per day.

Reajul Huq, director for admin of the DLS, said people of Bangladesh were now eating 148 grams of meat per day.

The DLS official said they estimate production based on information provided by their field offices.

There are many factors behind the increase in the price of meat. The price of meat has not increased at the rate that the price of other products has increased in the last one year, he said.

Jahangir Alam Khan, an agricultural economist, said, "It is really difficult...to fully rely on the information given by the DLS on meat production in the country."

"On the one hand production is increasing, on the other hand prices are increasing -- This is contradictory according to the theory of economics," he said.

"It was seen in the latest household income and expenditure survey that the consumption of meat per person in the country is very low," he said.

"So, statistically, it's very difficult to rely entirely on this data," said Khan, a former director general of Bangladesh Livestock Research Institute.

## Biman to resume

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reach Guangzhou at 04:00am (local time) the next day.

From Guangzhou, the Biman flight will depart at 05:30am (local time) on every Friday, Monday and Wednesday and reach Dhaka at 07:20am.

Passengers can purchase tickets for this route from Biman's commercial website [www.biman-airlines.com](http://www.biman-airlines.com), mobile app, any Biman sales centre, Biman call centre 01990997997 and Biman authorised travel agencies.

A five percent discount on the base fare can be availed using promocode NEWYEAR23 when purchasing tickets from Biman's website and apps.

The long-awaited flights on this route will alleviate the woes of Bangladeshi students and businesspeople traveling to China.

Apart from Biman, the country's leading private airlines, US-Bangla Airlines, and China Southern Airlines are operating flights on the Dhaka-Guangzhou route.

Earlier on August 18, 2022, Biman first launched its maiden flight on the Dhaka-Guangzhou-Dhaka route.

After operating flights for a couple of months, Biman suspended the flight on various grounds.

## US wants to help

FROM PAGE B1

Daily Star, the BFIU officials termed it a courtesy visit and informed that the US official had wanted to know what kind of assistance the BFIU needed.

The BFIU officials said they informed him about the agency's activities to prevent money laundering and terrorist financing and the meeting centred on ways to develop the BFIU's capacity.

The official was "very interested" to provide training and other technical support to develop the anti-money laundering agency, they said.

Nephew arrived in Bangladesh on Sunday and met Anti-Corruption Commission officials. He met civil society members at the US embassy and then the foreign secretary and BFIU officials yesterday.

## Chinese company to double Russian oil purchase

REUTERS, Singapore

China's state-controlled Shaanxi Yanchang Petroleum Group is expected to double its purchases of Russian ESPO blend this year to about one million metric tons, according to two sources familiar with the plant's operations.

The company is due to start up a 50,000 barrels per day crude processing unit at its refinery in landlocked Shaanxi province in the north later this month, after retooling work that allows the plant to process more crude, the sources said.

Chinese refiners, led by independent plants based in eastern Shandong province's refining hub, are maintaining strong interest in the light sweet crude exported from Russia's Far East port of Kozmino, bolstering the

**Chinese refiners, led by independent plants based in eastern Shandong province's refining hub, are maintaining strong interest in the light sweet crude exported from Russia**

Russian oil's prices to multi-month highs.

An official with Yanchang's refining division said the plant will likely process more imported crude oil this year, but did not comment specifically on Russian crude.

The Yanchang plant has bought three ESPO cargoes for August and September deliveries into Qingdao port, according to trading sources who closely follow ESPO transactions.

That will bring Yanchang's total purchases so far this year to 600,000-700,000 tonnes, about 4.4 million to 5.1 million barrels, one of the sources added.

Apart from the revamped crude processing unit, Yanchang also has remaining crude quotas to use up by the end of the year, a second trader said.

From Qingdao port, Yanchang transports the crude oil by rail, taking about a day to reach Shaanxi's Yulin city, where the plant is based.



Guava orchards in southern districts of Bangladesh are busy harvesting and selling the fruit amid the ongoing season. As much of the fruit is moved via inland waterways, floating guava markets can be found across greater Barishal this time each year. The picture was taken recently.

PHOTO: TITU DAS

# Guava season aiding economic growth in south

SUSHANTA GHOSH and MD HABIBUR RAHAMAN

With the guava season now in full swing, farmers and traders in southern Bangladesh are busy harvesting and selling the fruit from various orchards in the region.

After visiting Banaripara upazila of Barishal, Jhalakathi sadar upazila, and Nesarabad upazila of Pirojpur, it was seen that local markets are packed to the rafters with fresh green guava.

Besides, as much of the fruit is moved via inland waterways, floating guava markets can be found across each of the three districts.

These markets have become a tourist attraction over time, drawing in large crowds of foreign and domestic travellers this time each year.

Guava is being cultivated on 24,588 hectares of land across Barishal division to produce 25,000 tonnes of the fruit worth more than Tk 25 crore, according to the Department of Agricultural Extension (DAE).

And thanks to improved road connectivity due to the opening of Padma Bridge, guava produced in the region can now quickly reach different parts of the country, including Dhaka.

As such, at least 100 to 150 tonnes of guava worth Tk 10-15 lakh are transported to different markets by trucks and trawlers



every day.

Additionally, the arrival of nearly 5,000 tourists every week is helping develop the local economy.

For example, several guava parks and hospitality services, such as restaurants, have been established to cater to travellers, local farmers said.

According to DAE officials, Nesarabad upazila contributed a majority of the guava grown in the three southern districts.

Some 835 hectares were cultivated in Nesarabad upazila to produce 7,656 tonnes of guava this year.

Meanwhile, the guava acreage in Jhalakathi sadar upazila and Banaripara was 591 hectares and 210 hectares respectively.

Apart from commercial purposes, almost every house in the region has some form of guava cultivation for personal consumption.

Mizanur Rahman, a guava wholesaler in Kirtipasha union of Jhalakathi, has been shipping at least 200 tonnes of guava to markets in Shariatpur every day since the harvesting period began.

"I have been buying guava for about Tk 350 per maund [37 kilogrammes]. Farmers are getting good prices this year due to the improved communication system," he said.

Rahman had purchased the fruit from farmers for Tk 300 per maund last year.

Chapal Krishna Nath,

agriculture officer of Nesarabad upazila, said the amount of guava being sent to Dhaka has increased this year thanks to the improved communication system.

Ali Ahmed, agriculture officer of Jhalakathi sadar upazila, said there are around 2,000 guava farmers in Jhalakathi while the three districts combined house some 10,000 people involved with the business.

Minati Samaddar, a guava farmer of Bhimruli village in Jhalakathi, said he leased 62 decimals of guava farms for Tk 22,000.

Having collected about 50 maunds of guava so far, he is now selling the fruit at local markets.

And although guava yields were slightly less this year due to drought, farmers are pleased with the current market price.

Shekhar Sikder, another local guava farmer, said although cooperative societies give them loans, farmers still lack access to bank finance.

"Farmers would be benefited if banks gave loans immediately at low interest rates," he added.

Saidur Rahman Rintu, president of the Barishal Chamber of Commerce and Industry, said the local economy would improve significantly if agro-processing industries were set up in the area.

"I call upon the traders to come forward in this regard," he added.

## How senior management build ethical organisations

KAMRAN BAKR

In my last article, I highlighted how boards set the "tone at the top" towards building an ethical organisation. Taking this cue, senior management, which includes the CEO, must find ways to shape ethical organisations where everyone is encouraged to do the right thing (even when no one is watching).

In this article, I will share with young leaders issues they should be aware of and touch upon how to forge ethical organisations. Once again, this article should be viewed from the perspective of "voluntary" unethical behaviour, rather than having to deal with "involuntary" unethical behaviour.

No company is perfect. As such, leaders often avoid discussing integrity and ethics due to the fear of imperfection and potential vulnerability. But secrets don't remain hidden in today's turbocharged world with everybody always watching you aided by advanced digital forensics and investigative journalism.

As such, integrity is not about being flawless, but recognising the importance of doing the right thing and navigating intricate ethical dilemmas, failing which we will increasingly find ourselves in ethical quagmires. It requires self-awareness and courage to acknowledge errors and correct course when mistakes are made as well as embracing transparency, rather than burying mistakes. Recent headlines show how ethical misconduct can rapidly ruin reputations built over the years.



Senior management must make values, purpose, integrity, and ethics a priority, inculcating pride in pursuing "Performance (Profit) with Integrity."

I have seen organisations often proudly claim "Performance with Integrity". Interestingly, they

invest much effort in foolproof strategies, reviews and training to

ensure performance. However, when it comes to ethics, they usually do the minimum to appear ethical without taking sufficient concrete actions to translate their claims into reality.

When ethics is seen as a problematic accessory or an obstacle to achieving goals, codes and policies will not be enough for a lasting impact. There will be ethical misconduct.

Senior management must elevate ethical commitment beyond mere lip service and "check the box" compliance. They must purify the beliefs and systems and integrate explicit conversations on ethics and values into strategic decision-making.

They should also make unethical behaviour increasingly unattractive and difficult by creating the right context, culture, strategies, systems, processes, resources and skills shaping an environment that distinguishes right from wrong and creates a self-reinforcing culture of integrity and values based choices driven by pride. This may seem to be over the top but is crucial.

In terms of specifics, ethics requires an intentional and integrated set of actions by senior management. These are defining values, embedding ethical culture with a code of ethics tailored to the organisation, establishing clear and easy reporting of misconduct, putting in place and enforcing consequences and rewards, providing ongoing training, bringing alive ethics via communication and activation, and finally monitoring the culture for signs of trouble and mitigating ethical vulnerabilities.

But before you begin this journey, ensure the board is genuinely committed to building an ethical organisation, not just impressing stakeholders with empty slogans. Many senior managers have faced consequences e.g. sacking, criminal charges and even imprisonment for ethical misconduct triggered by the board. You do not want to be a scapegoat. So, urge the board to prioritise ethics to safeguard your reputation and avoid potential legal consequences.

The author is former chairman and managing director of Unilever Bangladesh Ltd.

## Will AI be an economic blessing or curse?

REUTERS

If medieval advances in the plough didn't lift Europe's peasants out of poverty, it was largely because their rulers took the wealth generated by the new gains in output and used it to build cathedrals instead.

Economists say something similar could happen with artificial intelligence (AI) if it enters our lives in such a way that the touted benefits are enjoyed by the few rather than the many.

"AI has got a lot of potential - but potential to go either way," argues Simon Johnson, professor of global economics and management at MIT Sloan School of Management.

"We are at a fork in the road."

Backers of AI predict a productivity leap that will generate wealth and improve living standards. Consultancy McKinsey in June estimated it could add between \$14 trillion and \$22 trillion of value annually - that upper figure being roughly the current size of the US economy.

Some techno-optimists go further, suggesting that, along with robots, AI is the technology that will finally free humanity from humdrum tasks and launch us into lives of more creativity and leisure.

Yet worries abound about its impact on livelihoods, including its potential to destroy jobs in all kinds of sectors - witness the strike in July by Hollywood actors who fear being made redundant by their AI-generated doubles.

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A worker bundles bicycle wheels at a factory producing bicycle parts for export in Hangzhou, in China's eastern Zhejiang province. China's exports might have contracted further in July, as the country's manufacturers struggled for buyers in export destinations with high inflation and rising interest rates.

PHOTO: AFP

## China's exports likely contracted further

REUTERS, Beijing

China's exports likely contracted further in July, as manufacturers in the world's second-largest economy struggled for buyers in markets grappling with high inflation and rising interest rates, a Reuters poll showed on Monday.

Data for July are expected to show a 12.5 percent fall in outbound shipments from a year earlier, following a drop of 12.4 percent in June, according to the median forecast of 28 economists in the poll.

That would be the worst reading since the early days of the pandemic in February 2020, when exports fell an annual 17.2 percent, as strict Covid curbs and lockdowns across the country resulted in workers laying down their tools.

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