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

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 fourdays, 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.

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.

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 manufactures 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

the MFS market," said an expert, who worked at multiple MFS companies, wishing anonymity.

"Boards of banks consist of owners or shareholders who lack the patience needed to ensure long-term returns."

An official of Upay, seeking anonymity, alleges that market leaders often use their power to restrict the access for other operators in the retail channel.

"As a result, smaller operators often find it difficult to place their marketing materials at retail points. This is not only affecting the business of other operators but also preventing customers from getting better services at lower prices," he said.

Md Mezbaul Haque, executive director of the central bank's payment systems department, however, says market leaders are not violating any rules.

He said many companies have made 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

FROM PAGE B1

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, 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 assistant 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.