India's fuel demand slips to 10-month low in July

REUTERS

India's fuel consumption slipped to a 10-month low in July, government data showed on Tuesday, as monsoon rains restricted mobility in the world's third-biggest oil importer and consumer.

Total consumption in July, a proxy for oil demand, totalled 18.09 million tons, down 6.6 percent from June. However, it was up 2 percent compared with the same period a year earlier.

Sales of diesel, mainly used by trucks and commercially run passenger vehicles dipped about 13 percent month-on-month to 6.89 million tons in July.

"With consumption patterns already slowing down due to the monsoon, weak July figures for diesel demand were aggravated by the floods in Northern Indian states over the first half of last month," said Viktor Katona, lead crude analyst at Kpler.

Fuel demand in India typically falls during the four-month monsoon season beginning in June as parts of the country are affected by heavy floods.

"Restricted mobility and an overall slowdown in construction activity have been the key factors behind bitumen demand falling to the lowest reading this year. We believe India's diesel demand will remain subdued in August, only to rebound in September-October," Katona said.

Oil slips

REUTERS, *London*

Oil prices fell by more than 1.5 percent on Tuesday after data showed China's imports and exports fell much more than expected in July in yet another sign of a sluggish post-Covid rebound for the world's largest oil importer.

Brent crude futures were down $1.41, or about 1.7 percent, at $83.93 a barrel at 1341 GMT. US West Texas Intermediate crude was down $1.46, or about 1.8 percent, at $80.71. WTI fell by $2 earlier in the session.

China's July oil imports were down 18.8 percent from the previous month to the lowest daily rate since January, but still up 17 percent from a year earlier.

Overall, China's imports contracted by 12.4 percent in July, far steeper than the expected 5 percent drop. Exports fell by 14.5 percent, compared with a fall of 12.5 percent tipped by economists.

Incessant rains failed to dissuade this group of individuals from availing subsidised rice at Tk 30 per kilogramme (kg) and flour at Tk 28 per kg being sold from a truck by the Directorate General of Food at Shonir Akhra in the capital on Sunday. In Dhaka's markets, the cheapest rice was selling for Tk 48 to Tk 52 per kg while flour at Tk 50 to Tk 52 per kg yesterday, according to the Trading Corporation of Bangladesh.

PHOTO: AMRAN HOSSAIN

BGMEA AGM held without discussion on election

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) held its 40th annual general meeting (AGM) yesterday, with no discussion taking place over the formation of an election board to elect its leaders for 2023-25.

The last biennial election in April 2021 had elected Faruque Hassan as president.

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

As per 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 prior to the end of the extension.

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

In the AGM held at the BGMEA Complex in Dhaka, the BGMEA members mainly discussed about the future of the garment sector as the election agenda was not on the associated notice, said BGMEA Vice-President Shahidullah Azim.

Moreover, the BGMEA president was not present as he had fallen sick. So, the election issue was not discussed, Azim said.

Sources said the commerce ministry may extend the tenure of the current board some more as many of the BGMEA members were not interested in going for the election before the national election.

In the AGM, the BGMEA members mainly discussed about the future of the garment sector as the election agenda was not on the associated notice, said a leader

BGMEA Senior Vice President SM Mannan (Kochi) chaired the AGM where the accounts for fiscal year 2021-22 were adopted and the budget for fiscal year 2022-23 was approved, said a BGMEA statement.

BGMEA Vice presidents (finance) Khandoker Rafiqul Islam and Rakibul Alam Chowdhury, directors and general members also attended the AGM.

Euro Pharma to produce medicines for Square

STAR BUSINESS REPORT

Square Pharmaceuticals PLC has struck a contract manufacturing agreement with Euro Pharma Ltd.

In a filing on the Dhaka Stock Exchange, the country's largest drug maker said its board approved an agreement with Euro Pharma on Monday for the contract manufacturing of some products with a view to meeting increased demand for existing products and introducing new products.

Earlier, Aristopharma inked a contract manufacturing deal with Square Pharmaceuticals to produce injectable items, tablets and dry syrups for the listed pharmaceuticals company.

Shares of Square Pharmaceuticals rose 0.48 percent to Tk 211 on the DSE yesterday.

The company clocked a Tk 1,491.01 crore profit in the July-March period of the last financial year, up 4.9 percent from a year earlier.

DSE gets new MD

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has approved ATM Tariquzzaman as managing director of the Dhaka Stock Exchange (DSE) for the next three years.

The recommendation to have Tariquzzaman fill the spot was made by the board of directors of the DSE.

Tariquzzaman is currently working as an executive director of the BSEC.

The approval came in a commission meeting held yesterday at the BSEC office in Dhaka.

The top executive position at the DSE has been vacant since last September following the resignation of Tarique Amin Bhuiyan.

Earlier, the preceding managing director Kazi Sanaul Huque resigned on October 8, 2020, citing personal reasons.

To fill the gap, the Dhaka bourse had finalised three candidates for the post and sent their names to the BSEC on Monday.

Moody's downgrades several US banks

REUTERS

Moody's cut credit ratings of several small to mid-sized US banks on Monday and said it may downgrade some of the nation's biggest lenders, warning that the sector's credit strength will likely be tested by funding risks and weaker profitability.

Moody's cut the ratings of 10 banks by one notch and placed six banking giants, including Bank of New York Mellon, US Bancorp, State Street and Truist Financial on review for potential downgrades.

"Many banks' second-quarter results showed growing profitability pressures that will reduce their ability to generate internal capital," Moody's said in a note.

"This comes as a mild US recession is on the horizon for early 2024 and asset quality looks set to decline, with particular risks in some banks' commercial real estate (CRE) portfolios."

Moody's said elevated CRE exposures are a key risk due to high interest rates, declines in office demand as a result of remote work, and a reduction in the availability of CRE credit.

The agency also changed its outlook to negative for eleven major lenders, including Capital One, Citizens Financial and Fifth Third Bancorp.

The collapse of Silicon Valley Bank and Signature Bank earlier this year sparked a crisis of confidence in the US banking sector, leading to a run on deposits at a host of regional banks despite authorities launching emergency measures to shore up confidence.

Still, Moody's cautioned that banks with sizable unrealised losses that are not reflected in their regulatory capital ratios are vulnerable to a loss of confidence in the current high-rate environment.

Hazzaz new CCCI president

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Powertech Ltd, and Raisa Mahbub, proprietor of Raisa Enterprise, were made senior vice-president and vice-president, respectively.

Raisa is the daughter of the outgoing CCCI president Mahbubul Alam, who is the newly elected president of the Federation of Bangladesh Chambers of Commerce and Industry.

The three presidium members were elected unanimously in the first meeting of the newly elected directors at the World Trade Centre yesterday as there were no other contestants, said a CCCI press release.

Earlier on Sunday, the last day for filing nomination papers, the 24 directors were elected unopposed as they were the only ones to have tendered the required papers, it said.

The new office bearers will take charge on October 1 when the tenure of the incumbent board expires.

Mahfuzul Hoque Shah, one of the new directors, said the election was scheduled for September 5 but no election was needed as there were no additional contestants for director posts.

Mohammed Sazzadun Newaz, son of Md Nurun Newaz, a former senior vice-president of the CCCI and chairman of the CCCI election board, has been elected as one of the directors.

The last time votes were cast in the biennial election of the chamber was in 2013 when lawmaker MA Latif-backed Mahbubul Alam-Nurun Newaj Parishad won 20 director posts.

Alam was elected president for the first time in that term. He subsequently led the chamber five consecutive times after rules were amended in 2017 to allow an individual to contest for the top post even after serving three consecutive terms.

Bangladesh outraces rivals

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also helped Bangladesh raise its exports to the US.

Globally, Bangladesh's reputation as a predictable supplier received a major boost during the peak of the coronavirus pandemic as the country kept factories open for most of the time whereas many competitors had kept their industries closed for a longer period.

Bangladesh has already waived the mandatory fumigation requirement for importing cotton from the US, a move that will cut the time and cost needed to bring in the key textile raw materials for importers.

"We are now approaching the US government to consider duty-free market access for the garment items made using cotton from the country. This will benefit US cotton growers and apparel brands and consumers while Bangladesh will have an extra edge," Hassan said.

The BGMEA is also working with the American Apparel and Footwear Association to unlock the potential of Bangladesh's RMG sector by enhancing competitiveness and facilitating trade access to the US market.

LEED-certified RMG units

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towards sustainable industrialisation, as the nation celebrates the certification of the 200th LEED green factory by the USGBC."

"This remarkable milestone underscores Bangladesh's steadfast commitment to environmental stewardship, economic growth, and global competitiveness."

Of the 200 factories, 73 are platinum-rated, 113 are gold-rated, 10 are silver-rated, and four are certified factories.

Bangladesh is home to some of the best factories in the world: 13 out of 15 top LEED green factories are located in the country. In 2022, 30 garment factories received LEED certification. In 2023 so far, 18 factories have secured the recognition.

"I hope by the end of 2023, we will be able to reach a new milestone," Hassan said, adding that as many as 500 factories are awaiting USGBC certification.

Most equipment remains

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The groups were scheduled to help livestock farmers become more productive, get better market access, and improve their resilience to climate change and other risks.

"Only 8 percent of the farmers got a cream separator machine from the project. Of them, most could not utilise the machine due to a lack of training," the IMED report said.

The project was scheduled for completion by March this year but its implementation has made physical progress of just 47 percent so far.

However, the IMED said the project implementation targets were not realistic.

As per the IMED's observation from a field visit at Sirajdikhan upazila of Munshiganj, ultrasonography and cream separator machines were found unused as the beneficiaries could not operate them.

On the other hand, they found that one deep freezer being used to preserve medicine.

As an advisory firm, MR Consultants compiled the IMED report.

"We have found machines still left unpacked in many local upazila offices," said Mokbul Hossain, executive director of MR Consultants.

However, he did not mention how many offices were facing such a scenario.

Only 8 project implementation committee (PIC) meetings and 6 project steering committee (PSC) meetings have been held up until April 2023 since the inception of the project. However, 26 PIC and 17 PSC meetings were supposed to be held, as per a related circular.

A total of 28 objections were raised in an audit centring activities over the last four financial years. Of them, two objections have been dismissed while the remaining 26 are pending.

The total financial involvement of the 26 audit objections is Tk 135 crore.

Denying the allegation of machinery still left "unpacked", Project Director Abdur Rahim said all their equipment was operational.

"Only 1 or 2 percent of the equipment may be unused," he added.

Asked why some machines were still being found intact in their packaging, he said the equipment were usually kept inside their packaging box after use.

He also claimed that they have already distributed 1,500 cream separator machines, which were provided by Metal Industries Limited and Bangladesh Science House.

"The providers were supposed to give training to the farmers and officers," he said.

"Also, we have successfully formed 5,500 agricultural cooperatives and appointed 20 officers to monitor the district offices," Rahim added.

Regarding the audit objections, Rahim said they would be settled soon.

On the reasons for delays in project implementation, Rahim pointed out that the coronavirus pandemic affected their operations.

Against this backdrop, the DLS is seeking another two years for implementing the project.

During a separate visit to the DLS office in Sirajdikhan upazila, The Daily Star found that much of the staff do not have relevant training for teaching farmers how to operate the machines.

"We do not have enough training to operate the machines ourselves," said Abdur Rashid Miyajee, sub-assistant of the DLS office, adding that they had showcased the equipment before the public through an exhibition in February this year.

Hike in energy prices

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Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, echoed the same.

Hatem said that mills and factories at estates of the Bangladesh Small and Cottage Industries Corporation (BSCIC) in Narayanganj have been suffering a lot due to low gas pressure.

"Previously, industrial units in BSCIC areas would run at night, when the gas pressure improves. But over the past week, the gas pressure has been low at night also. As a result, many have stopped production," he added.

Shahidullah Azim, vice president of the Bangladesh Garment Manufacturers and Exporters Association, said load-shedding has been affecting production.

"Factory owners are now in a fix as they have to pay higher electricity bills as well as face loss of production amid the economic slowdown in both domestic and international markets," he added.

Sameer Sattar, president of Dhaka Chamber of Commerce and Industry, agreed that the gas and power supply did not improve at the expected level, as evinced by how millers and factory owners are still complaining about it.

On the other hand, Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, said the gas and power supply has nearly reached the expected level. "The productivity of mills and factories could improve now," he added.

In January, the government raised the retail price of gas by 14.5 percent to 178.9 percent for industries, power plants and commercial establishments, who together account for 78 percent of the gas usage in Bangladesh.

The government made this move to lessen its unsustainable subsidy burden amid a narrow fiscal space, according to a report published on The Daily Star.

The development is set to fuel a fresh round of inflation, which declined for the fourth month straight in December last year.

So, from February this year, the price of gas used for power generation was made Tk 14 for each cubic meter, up 178.9 percent from the previous rate.

Meanwhile, the rate for gas at captive power plants and industries was hiked to Tk 30 per cubic meter.

The hike was 150 percent for large industries, 154.7 percent for medium industries and 178.3 percent for small and cottage industries. For captive power plants, the raise was 87.5 percent.

Bangladesh spent more than $8 billion on energy imports in the last one year due to price hike in the international market, industry people said.

Visa opens

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innovative products and solutions," he added.

Visa provides a broad range of services, which include authorisation, clearing, and settlement services for financial institutions and merchants, according to investopedia.com.

The company does not issue credit or debit cards, rather its clients are the ones that issue the cards. It makes its profits by selling services as a middleman between financial institutions and merchants.

Visa so dominates the market that it has only a handful of big rivals, including Mastercard Inc and American Express Co, as well as digital payments companies like PayPal Holdings Inc.

City Bank

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Bank Asia, bKash, Pragati Life Insurance, ACI Ltd, Padma Bank and Crystal Insurance are among the companies that have applied for digital banking licences and some companies are expected to follow suit.

Mobile network operator Banglalink has also decided to apply for a digital banking licence as it looks to leverage its vast pool of customers to serve a population increasingly using technologies to make and receive payments.

Saudi investor

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Despite leaving the board, Arabsas Travel's stake in the bank will remain unchanged, the report added.

State-run non-bank financial institution Investment Corporation of Bangladesh sold its entire shareholdings in IBBL in June. It held more than 32 lakh shares, which accounted for 2.07 percent of the total shares, for approximately Tk 109 crore.

Islami Bank's shares closed unchanged at Tk 32.60 on the Dhaka Stock Exchange yesterday.