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## Stock market in a bad patch for floor price

AHSAN HABIB

The stock market of Bangladesh has been going through a bad patch for a year due to the presence of floor price, with political and macroeconomic uncertainties worsening the situation.

The floor price led to the creation of a barren equity market alongside tension for both stock market intermediaries and investors. The reason is that the investors are unable to sell their shares while the intermediaries are struggling to earn any commission income for the floor price, according to stock market analysts.



The Bangladesh Securities and Exchange Commission (BSEC) set the floor price of every stock in July of 2022 to halt the freefall of the market indices amid global economic uncertainties. The floor price was the average of the closing prices on July 28 of the year and the preceding four days.

The stock market has remained depressed for the past one year mainly for the floor price while political and economic uncertainties aggravated the tension, said Prof Abu Ahmed, a stock market analyst.

“Floor price is an uncommon thing for any stock market in the world and its imposition was a wrong decision,” he said.

Some investors had initially welcomed the decision but now they are also realising that it is creating a problem for all, he said.

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## WEEKLY INTERVIEW



Selim RF Hussain

## ‘Ignoring cybersecurity will lead to downfall’

MD MEHEDI HASAN

Investment in cybersecurity is very much essential and banks which are not investing in their digital operations and cyber security will totally go out of business within the next three or four years, said Selim RF Hussain, chairman of the Association of Bankers, Bangladesh (ABB).

Banks will have to invest digital services for their customers and at the same time they must invest in cyber security to safeguard against hacking attempts, he said in an interview with The Daily Star on Saturday.

Hussain, also managing director of Brac Bank, said the banking sector needs new manpower in the form of IT experts and new software to tackle the cyberthreats.

The existing manpower of banks will have to be trained and banks will have to take initiatives to raise awareness among them, he said.

Mentioning that Brac Bank was active in safeguarding against cyberattacks, he said his bank has a 25-member ethical hacker team who were always working to protect the bank from cyberthreats.

“We also have a security operation centre and every year we are checking our IT systems through different international vendors,” said Hussain.

Brac Bank regularly audits and inspects its information and technology system, he added.

Banks will have to think about their cybersecurity and it would not be wise

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# Most banks in tight spot amid liquidity crunch

MD MEHEDI HASAN

A majority of banks in Bangladesh are facing difficulties in running their day-to-day banking activities owing to a tightening liquidity caused by the dragging foreign currency crisis, slower deposit growth and lacklustre loan recovery.

This has forced lenders to turn to the call money market, a short-term money market that allows large financial institutions to borrow and lend, to secure funds in order to meet their payment obligations.

On Thursday, the transaction on the overnight interbank call money market stood at Tk 9,449 crore, the highest since August 11 last year when it amounted to Tk 9,706 crore.

Multiple factors such as slower deposit growth, a weak pace of loan recovery and the purchase of dollars by banks from the Bangladesh Bank to clear import bills have brought about the current situation.

Deposit growth decelerated to 8.40 percent in the last fiscal year of 2022-23 from 8.90 percent the previous year.

Classified loans, which erode a bank’s lending capacity, have also soared.

Non-performing loans (NPLs) totalled Tk 131,620 crore in March, marking a 16.02 percent increase year-on-year, BB data showed. The volume was 8.80 percent of the total credits disbursed in the banking sector.

Bankers say a portion of letters of credit has already turned into forced loans owing to borrowers’ failure to pay back on time.

Against the backdrop, the call money rate, the interest rate on overnight loans – surged to as high as 7.75 percent on Thursday.

According to bankers, the call money market has been witnessing huge pressure since the middle of 2022. So, a growing number of banks, including shariah-based lenders, are taking liquidity support from the central bank despite the hike in the policy rate.

Seven banks took Tk 4,925 crore under the seven-day repurchase agreement (repo) and the one-day liquidity support facility of the BB on August 6 this year. A day later, eight banks borrowed Tk 3,339 crore.

## REASONS BEHIND LIQUIDITY SHORTAGE

BB gave banks record \$13.50b in FY23

Deposit growth down to 8.40pc in FY23

Loan recovery from clients slows

Banks purchasing dollar by using taka

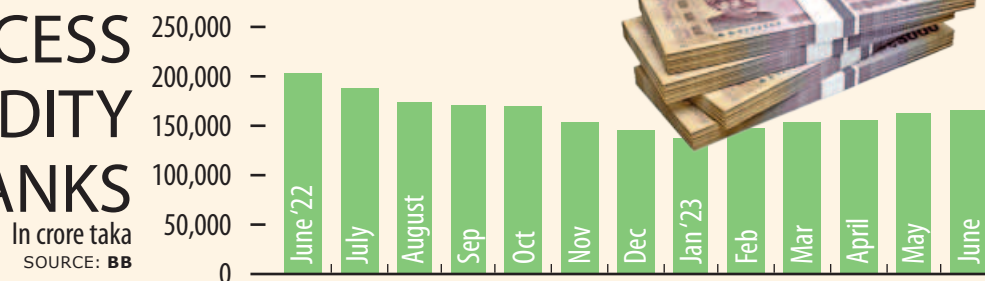
Some shariah banks face lack of depositors’ trust

Banks see rising non-performing loans

Slower deposit growth and rising public sector borrowing are also behind the current liquidity crunch.

Mohammad Ali  
MD of Pubali Bank

## EXCESS LIQUIDITY IN BANKS



Four banks took Tk 3,402 crore on August 8 and six banks borrowed Tk 3,485 crore on August 9.

In July, the BB increased the repo rate by 50 basis points to 6.50 percent.

A senior official of the central bank said the volatility in the foreign exchange market may be the main reason for the tight liquidity situation in the banking sector.

Higher import bills against moderate export and remittance earnings have caused the slide in the foreign currency reserves in Bangladesh, sending the US dollar rate to a record high amid the shortage of American greenback.

The BB sold \$13.50 billion from its reserves among

## INDICATORS FOR LIQUIDITY CRUNCH



Call money transaction hit one-year-high of Tk 9,449cr on Thursday



Banks taking liquidity support from BB



Overall surplus liquidity down by 18.3% year-on-year



Banks adopting go-slow strategy in lending



Six banks took Tk 3,485cr from BB on Thursday



banks in exchange for the taka, deepening the liquidity crunch.

In June, the surplus liquidity in the banking sector stood at Tk 1,66,200 crore, down from Tk 2,03,435 crore a year ago, BB data showed.

Of the surplus liquidity, Tk 63,600 crore were with state-run banks, Tk 68,300 crore were held by private commercial banks, and the rest Tk 34,300 crore belonged to foreign banks.

A lion's share of the surplus liquidity has been invested in treasury bonds and bills.

The liquidity situation varies from bank to bank, with some sitting on excess funds while others are facing liquidity shortages.

READ MORE ON B2



Eggs are increasingly going out of the reach of most consumers as its prices show no sign of cooling down. Yesterday, one dozen eggs retailed at Tk 165 to Tk 180 in markets in Dhaka, up nearly 20 per cent from a month ago and 28 per cent from a year prior.

PHOTO: AMRAN HOSSAIN

## Bangladesh close to being world’s top cotton apparel exporter

STAR BUSINESS REPORT

Bangladesh is close to surpassing China as the world’s largest cotton apparel exporter and stronger demand prospects are expected to drive cotton consumption higher, said the US Department of Agriculture (USDA).

The US agency, citing the annual fashion industry benchmarking study by the United States Fashion Industry Association (USFIA), said American fashion companies are attempting to reduce their sourcing from China, now the largest apparel exporter.

As such, American brands are reallocating their sourcing orders to other markets, including Bangladesh, to minimise logistical and political risks.

Bangladesh, India, and Vietnam were the three suppliers that retailers plan to

increase sourcing from over the next two years to divert orders away from China, said the USDA in its latest report on global cotton trade.

“The USFIA study also indicates that Bangladesh is the most competitive apparel supplier from a cost structure point of view, scoring higher than any other country,” the USDA said in its report, styled “Cotton: World Markets and Trade”, released on August 11.

The forecast by the US agency comes after Bangladesh’s apparel makers fetched nearly \$47 billion in woven and knitwear shipments in the fiscal 2022-23, which was higher than the target for that year.

Bangladesh’s factories mostly make cotton-based garments and more than 70 percent of export shipments are comprised of cotton items, according to

industry operators.

Bangladesh was the second largest garment exporter in the world after China in 2022, according to the World Trade Organisation.

The USDA said Bangladesh is targeting more than \$50 billion of apparel exports in FY2024, slightly higher than the previous fiscal year and “proof that the government foresees greater demand”.

“Spinning mills’ operating rates in 2023-24 are expected to rise as the textile supply chain replenishes depleted stocks of yarn, fabric, and apparel; this past marketing year witnessed textile manufacturers destocking and maintaining low inventories across the supply chain,” it added.

The US agency forecasts that Bangladesh’s cotton consumption would rise by 800,000 bales, or 10 percent year-on-year, due to burgeoning apparel exports in fiscal year 2023-24.

As such, cotton imports by mills of Bangladesh, which largely depends on

READ MORE ON B3

## What to buy: chicken or egg?

### A dozen eggs now cost the same as 1kg broiler chicken

SUKANTA HALDER

In an unprecedented event in Bangladesh, the price of a dozen farmed brown eggs yesterday matched that of one kilogramme of broiler chicken, hitting the pockets of the fixed and low-income groups further.

Retailers sold one kg of broiler chicken at a maximum price of Tk 180 at various kitchen markets in Dhaka. In a coincidence, the highest price for 12 pieces of brown eggs was exactly the same, according to state-run Trading Corporation of Bangladesh (TCB).

Broiler chicken was sold at Tk 175 to Tk 180 per kg while one dozen eggs retailed at Tk 165 to Tk 180, it showed.

The price of eggs rose up to 20 percent to Tk 150 in a span of a week.

Rafiul Alam, a retailer in the capital’s Tejturi Bazar area, says the retail price of eggs has gone up in line with the increase in the rate in the wholesale market.

He sold a dozen eggs at Tk 175.

In Bangladesh, egg prices have surged due to the supply disruption, lower production and a higher cost of production, according to traders and growers.

There is a daily demand for 20 lakh to 22 lakh eggs at the Tejgaon wholesale market, but a maximum supply of 17 lakh to 18 lakh eggs is currently available, said Mohammad Amanat Ullah, president of the Tejgaon Egg Merchants Association.

Cashing in on the supply shortage, some traders held back their stocks to create an artificial crisis and raise prices, said a dealer in Dhaka on Thursday.

Mir Russel, a job-seeker, who lives on Dilu Road in the capital, said one of the low-cost protein sources was eggs. But its price has increased a lot recently.

“This has piled up additional pressure on most income groups since the prices of many daily necessities have remained at elevated levels.”

READ MORE ON B3

STOCKS		WEEK-ON WEEK
DSEX	CASPI	
0.52%	0.4%	
6,297.25	18,599.75	

COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$1,913.83	\$83.04	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
0.56%	0.84%	0.86%	2.01%	
65,322.65	32,473.65	3,294.28	3,189.25	



# BCCCI avails Jamuna Bank credit cards

STAR BUSINESS DESK

The Bangladesh China Chamber of Commerce & Industry (BCCCI) and Jamuna Bank Ltd signed a memorandum of understanding recently for VISA signature credit cards and tailored services and products for the former's members.

Al Mamun Mridha, secretary general of the BCCCI, and AKM Atiqur Rahman, deputy managing director of the bank, inked the deal at the latter's head office in Dhaka, said a press release.

Badrul Alam Khan, vice-president, Sheikh Aminuddin Milon, Mohammad Hafizur Rahman Khan and Khandaker Atiqur Rahman, directors, Md Abu Taher, office secretary, Md Mehdi Hasan, head of treasury division of the bank, Md Shahidul Islam, head of corporate banking, and Abul Faisal Manan, head of human resources division, were present.



Al Mamun Mridha, secretary general of the Bangladesh China Chamber of Commerce & Industry, and AKM Atiqur Rahman, deputy managing director of Jamuna Bank, exchange signed documents of a memorandum of understanding at the bank's head office in Dhaka recently for VISA signature credit cards and tailored services and products for the former's members.

PHOTO: JAMUNA BANK

# Huawei shows rebound despite sanctions

AFP, Beijing

Chinese telecoms titan Huawei on Friday announced a pick-up in sales in January-June, the first increase since 2020, as the sanctions-battered firm works to diversify its business operations.

The Shenzhen-based company has for several years been at the centre of an intense tech standoff between China and the United States, with Washington warning its equipment could be used for state espionage, an allegation Huawei disputes.

Since 2019, sanctions have cut the company off from global supply chains that gave it access to US-made components and technologies, significantly weakening its smartphone division and forcing it to seek other sources of growth.

In the face of these challenges, Huawei said it recorded first-half revenue of 310.9 billion yuan (\$43.3 billion), up 3.1 percent on-year.

**The company has for several years been at the centre of an intense tech standoff between China and the United States, with Washington warning its equipment could be used for state espionage**

Huawei's revenue fell 5.9 percent in the same period last year and 29.4 percent the year before as the pandemic paralysed economic activity and consumption around the world.

Huawei's profit margin reached 15 percent in the first half, according to the group, which did not provide other financial results.

The firm's profit margin was five percent during the same period last year.

Huawei is a private, unlisted company, and is therefore not subject to the same obligations as other major firms to publish detailed results.

It was once one of the top three smartphone manufacturers in the world, along with South Korea's Samsung and US giant Apple.



PHOTO: ISLAMI BANK BANGLADESH

Mohammed Monirul Moula, managing director of Islami Bank Bangladesh, addressees an executive development programme styled "Four Decades of Islamic Banking in Bangladesh and the Way Forward" organised by the Islami Bank Training and Research Academy. The event was held virtually yesterday.

# Islami Bank holds executive development programme

STAR BUSINESS DESK

The Islami Bank Training and Research Academy organised an executive development programme styled "Four Decades of Islamic Banking in Bangladesh and the Way Forward" yesterday.

Mohammed Monirul Moula, managing director and CEO of Islami Bank Bangladesh PLC, addressed the virtual programme as chief guest, said a press release.

Md Nazrul Islam, the academy's principal, presided over the event, where Khaled Mahmud Raihan, senior vice-president of the bank, was presented as keynote speaker.

Mohammad Qaisar Ali, JQM Habibullah and Md Altaf Hossain, additional managing directors of the bank, and KM Munirul Alam Al-Mamoon, senior executive vice-president, were present.

# UCB holds training for agri entrepreneurs

STAR BUSINESS DESK

United Commercial Bank PLC (UCB) organised a daylong agricultural entrepreneurship skills development training titled "Voroshar Notun Janala" at Cumilla Fun Town Park yesterday under an Agro-CSR Project 2023.

Arranged as per Bangladesh Bank's directives, the programme had over 500 agricultural entrepreneurs in attendance from 17 upazilas of Cumilla district, said a press release.

"We are working...so that farmers can produce and market crops they prefer by taking loans on easy terms," said ATM Tahmiduzzaman, deputy managing director and company secretary of the UCB, on inaugurating the programme as chief guest.

Mohammad Shah Alam Bhuiyan and Mohammad Khorshed Alam, deputy managing directors of the bank, Rezaul Karim Siddique, presenter of Bangladesh Television's Mati O Manush, Md Abdul Hafiz, headmaster of Cumilla Zila School, and Sheikh Ajjur Rahman, additional deputy director of the Department of Agricultural Extension in Cumilla, were present.



An official of United Commercial Bank hands over agricultural instruments and saplings to the headmaster and other teachers of Cumilla Zila School at the agricultural entrepreneurship skills development training programme titled "Voroshar Notun Janala" at Comilla Fun Town Park Auditorium yesterday.

PHOTO: UNITED COMMERCIAL BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (AUG 12, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	-5.59 ↓
Coarse rice (kg)	Tk 48-Tk 52	2.04 ↑	-3.85 ↓
Loose flour (kg)	Tk 50-Tk 52	0	7.37 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 162-Tk 165	-4.41 ↓	-3.56 ↓
Potato (kg)	Tk 36-Tk 40	-10.59 ↓	31.03 ↑
Onion (kg)	Tk 75-Tk 85	23.08 ↑	77.78 ↑
Egg (4 pcs)	Tk 55-Tk 60	19.79 ↑	27.78 ↑

SOURCE: TCB

# India may roll out

FROM PAGE B4

Uber and Zomato did not immediately respond to requests for comment.

In addition to the big-name companies, hundreds of other online platforms and the people they hire for piecemeal work would be affected, spanning services such as cab-sharing, retail, food, construction and finance.

There are no official figures for the size of India's gig economy, although private estimates put the number employed at 10 million to 15 million people. The Boston Consulting Group forecast in 2021 it had the potential to create 90 million jobs and annual transaction volumes over \$250 billion.

By 2030, the government think tank NITI Aayog estimates, the gig economy could employ more than 23.5 million, about 7 percent of the non-farm workforce.

The government has not calculated the cost of the planned welfare measures as it must get data from the companies, said the sources, who asked not to be named because they were not authorised to speak to the media.

The government could initially provide gig workers with state-funded medical and accident insurance

and a mechanism to address complaints, one official said, while a setting mechanism for employers' contributions to the fund.

The measures propose employers contribute between 1 percent and 2 percent of their annual revenues to a security fund, up to 5 percent of the amount paid to workers, the sources said.

More than 290 million people have registered for an online government portal meant to issue identity cards to gig workers and other unorganised employees, while gathering such details as biometric data and their skills.

The government is worried about rising complaints by gig workers and social media campaign against platforms about cuts in commission and long working hours.

Blinkit, the grocery unit of food delivery platform Zomato, faced disruptions in operations in April when hundreds of workers protested over commission cuts.

"We have no channel to raise our complaints," said Uber driver Sheetal Kashyap, 47, adding women workers like her face safety risks and exploitation due to low bargaining power.



PHOTO: REUTERS

Gig workers wait in line to collect their delivery order outside a mall in Mumbai.

# IEA raises world oil demand

FROM PAGE B4

1.2 million barrels per day, to 50.7 mbd "a near two-year low".

Volumes by non-OPEC+ members rose to 50.2 mbd, the report added.

In April, several OPEC+ members decided to slash production voluntarily by more than one million bpd -- a surprise move that briefly buttressed prices but failed to bring about lasting recovery.

Oil producers are grappling with falling prices and high market volatility, reflecting continued fallout from the Russian invasion of Ukraine and China's faltering economic recovery.

Saudi Arabia also announced last week that it was extending its voluntary oil production cut of one million barrels per day for another month to include September.

Moscow has pledged, too, to cut production by 500,000 bpd in August, and a further cut of 300,000 bpd for September.

"Market balances are set to tighten further into the autumn as Saudi Arabia and Russia extend supply cuts at least through September," the IEA said.

If the bloc's current targets are maintained, oil inventories could fall in the second half of the year "with a risk of driving prices still higher".

Looking ahead to 2024 as the world races to combat climate change and reduce the use of fossil fuels, the IEA said it anticipated demand growth to slow.

"With the post-pandemic rebound running out of steam, and as lacklustre economic conditions, tighter efficiency standards and new electric vehicles weigh on use, growth is forecast to slow to 1 mbd in 2024," it said.

# Most banks in tight spot

FROM PAGE B1

At least a dozen banks, including six shariah-based banks, are now facing a severe liquidity crisis. And they have failed to maintain the minimum cash with the central bank, the central bank said in a report.

In Bangladesh, shariah-compliant banks are particularly bearing the brunt of the liquidity crisis after loan irregularities made headlines as it prompted some borrowers to withdraw funds, industry insiders said.

Pubali Bank Managing Director Mohammad Ali blamed the slower deposit growth amid the persisting cost of living crisis and the widening public sector credit for the current liquidity crunch.

"Small and medium-scale deposits have been withdrawn in recent months as savers continue to struggle to meet their living expenses."

Average inflation stood at 9.69 percent in July, slightly lower than the 11-year high of 9.94 percent in May.

Pubali Bank faces no liquidity shortage. Rather, its deposits

increased by Tk 6,000 crore in the last six months, according to Ali.

The CEO points out that public sector borrowing increased to a large extent last year, worsening the liquidity situation at banks.

Jamuna Bank Managing Director Mirza Elias Uddin Ahmed says although a good number of banks are in a liquidity crisis, the liquidity situation of the overall banking sector is not that bad.

He, however, acknowledges that loan recovery is not in good shape at all because borrowers are not interested in paying back using the current economic slowdown as an excuse.

"This has tightened the liquidity situation."

Dhaka Bank Managing Director Emranul Huq says the liquidity situation is continuing to improve except for some shariah-based banks since the private sector credit demand is yet to pick up and import payments have slowed in recent months.

He, however, warned that the liquidity situation would become tighter once credit demand rebounds.

Private sector credit growth stood at 10.57 percent in FY23, way down from 13.66 percent a year prior.

"Banks have slowed down lending due to the current economic uncertainty," Huq added.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says there is a tight liquidity situation because a major portion of loans are not coming back.

"For example, a growing number of importers are failing to settle loans against LCs despite their maturity. As a result, forced loans are being created."

He said most banks are running their regular banking activities on the back of the central bank's liquidity support.

"So, some banks that were not keen about taking fixed deposits in the past are accepting them."

Rahman said although the interest rate on deposits is rising, banks are not being able to hike the interest rate on loans proportionately owing to the central bank's new interest rate-setting mechanism.

# India rice export ban

FROM PAGE B4

This time, rice exporters will be unable to increase exports by more than 3 million metric tonnes a year as they try to fulfil local demand amid limited surplus, three dealers with global trade houses told Reuters.

Thailand, Vietnam and Pakistan, the world's second, third and fourth biggest exporters, respectively, have said they are keen to boost sales since demand for their crops has been rising after India's ban.

Both Thailand and Vietnam emphasised that they would ensure their domestic consumers are not hurt by rising exports.

"It's unacceptable for a rice-exporting country to face tight supplies and high domestic prices," Vietnam Minister of Industry and

Trade Nguyen Hong Dien said last week.

Pakistan, recovering from last year's devastating floods, could export 4.5 million to 5.0 million tons from the current year's 3.6 million tons, according to an official with the Rice Exporters Association of Pakistan (REAP).

But the country is unlikely to allow unrestricted exports amid double-digit inflation, the official said.

The leading importers of non-basmati rice include the Philippines, China, Senegal, Nigeria, South Africa, Malaysia, Cote d'Ivoire, and Bangladesh.

Global prices have risen by around 20 percent since India's ban. A further 15 percent gain could trigger restrictions by Thailand and Vietnam, according to traders at international

trading companies.

"The question is not whether they will limit exports, but rather how much they will restrict and when they will take such measures," said a New Delhi-based trader.

This week, rice prices in Thailand and Vietnam soared to 15-year highs as buyers rushed to cover shipments to compensate for the decline in India's exports.

Rice is a staple for more than 3 billion people, and nearly 90 percent of the water-intensive crop is produced in Asia, where the emergence of dry El Nino weather threatens crops in key producing countries.

After below-normal rainfall in June and July, Thailand has advised farmers to curtail the area under the second rice crop.



## ‘Best of Bangladesh’ show in Netherlands

STAR BUSINESS REPORT

A two-day exposition of goods made in Bangladesh titled “Best of Bangladesh” will begin at Gashouder of Westergas in the Netherlands’ Amsterdam on September 4.

The event will showcase the remarkable progress and the potential of different sectors of Bangladesh economy, especially manufacturing.

The Bangladesh Apparel Exchange (BAE) in collaboration with the Bangladesh embassy in the Netherlands will organise the event, the BAE said a statement.

About 40 leading companies of Bangladesh from apparel, textile, agriculture, handicraft, fast-moving consumer goods, digital industry and publication sectors are participating in the event.

The two-day event comprises inauguration, exhibition, networking, panel sessions, denim walkway and immersion visits highlighting Bangladesh as an untapped economic frontier and an unrivalled sourcing destination.



PHOTO: TITU DAS

Workers in Kuakata are seen sorting through various fishes, which will be sold at wholesale to nearby fish stalls. Selected fish sold by auction are then shipped to markets in Barishal and Khulna. Each worker earns between Tk 15,000 to Tk 20,000 per month.

# Wage growth below inflation for 18th month straight

MD ASADUZ ZAMAN

Although wage growth in Bangladesh has been slowly climbing since July 2021, it has remained below the inflation rate for the past 18 months consecutively, according to the Bangladesh Bureau of Statistics (BBS).

The wages of low and unskilled workers grew 7.52 percent year-on-year in July 2023, which was 2.17 percentage points below the inflation rate of 9.69 per cent that month, shows the Wage Rate Index of the BBS.

The case was similar in June, when the wages of workers across 44 occupations in agriculture, industry and services grew 7.32 percent, which was 2.42 percentage points below the inflation rate at the time.

Analysts say the widening gap between the inflation rate and wage growth is forcing low-income and unskilled workers to cut consumption amid falling real incomes and rising cost of living.

Rizwanul Islam, an economist and former special adviser for employment at the International Labour Office in

Geneva, said real wages have been falling for almost one-and-half years now.

Besides, the rate of decline quickened in recent months, when the economy attained healthy growth.

“This is an issue of concern,” he added.

Islam said the decline in real wages is an important factor contributing to rising inequality in the distribution of income.

“The distress caused by rising prices is affecting not only the poor, but also lower middle-income groups,” he added.

The current inflation has spread to food items that are usually consumed by lower income people and that is why the impact is falling on a broader group of people.

“The bottom 40 percent of the population has been hit hard by the current inflation,” Islam said.

He went on to say that a bigger concern is that the sharp rise in prices of certain items like fish, meat and eggs might compel lower income groups to stop consuming them.

“This could have adverse long-term effects on the health and nutrition

of people. When that happens to the children and younger people, it can adversely affect the productive capacity of the working age population, which in turn affects future productivity,” he added.

**The wages of low and unskilled workers grew 7.52 percent year-on-year in July 2023, which was 2.17 percentage points below the inflation rate of 9.69 per cent that month**

Echoing the same, Professor Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem), said peoples’ real income has been falling consistently.

“This means the real income of people is being eroded, especially for those who have no other source of income and only depend on their wages,” he added.

This is because it indicates that the low-income people could not get enough recovery time.

For example, when any foreign nation faces higher inflation, it becomes soothing for a certain period and people get relief. And, they get enough strength to combat such a situation.

“But in the case of Bangladesh, we usually don’t see it. There is no comfort room for low-income people,” Raihan said.

Raihan went on to say that if we take food inflation into account, then the situation is actually worse.

“People are now suffering from food insecurity as it has increased by a large extent,” he said.

So, addressing food insecurity should be the key concern of policy makers.

“If we look at our nearby countries like India, Thailand, Indonesia and Vietnam, they have controlled the inflationary pressure well,” Raihan added.

On the other hand, Bangladesh could not handle the inflationary pressure for two reasons, namely ineffective monetary policies and domestic market management.

## Bid to groom workers for high-end garment

STAR BUSINESS REPORT

Swedish government’s private arm Swisscontact and the Swedish embassy in Dhaka yesterday signed a memorandum of understanding with local Team Group to groom the skilled young workers in the making of high-end value-added garment items.

The Sweden government signed the agreement to commemorate the International Youth Day and the theme of this year’s International Youth Day is Green Skilling for Youth in the Garment Sector.

Currently, Swisscontact, in partnership with the Embassy of Sweden, is actively implementing the Promoting Green Growth in Ready-Made Garments Through Skills (Progress) project that began in October of 2022.

## Standard Bank gets new DMD

STAR BUSINESS DESK



Md Siddiqur Rahman recently joined the shariah-based Standard Bank Ltd as its deputy managing director and chief operating officer.

Rahman was serving as a deputy managing director, chief risk officer and chief anti money laundering compliance officer (CAMLCO) of Islami Bank Bangladesh Ltd prior to joining the current charge, said a

press release.

He has been accredited by Paris-based ICC and UK-based IFS as a certified documentary credit specialist (CDCS) in International Trade Finance.

## NRB Bank reelects Ahmed as exec committee chief

STAR BUSINESS DESK



Ali Ahmed has been re-elected as chairman of the executive committee of the board of directors of NRB Bank Ltd in a meeting of the bank recently.

Ahmed is the director of Mirravale Holdings Ltd, BJ Brown Business Ltd, AAB Estate Ltd and AA Express Food Distribution Ltd, said a press release.

As a British citizen, he has emerged as a trailblazing force, spearheading thriving enterprises on foreign shores.

## UK economy grows in Q2

AFP, London

Britain’s economy expanded slightly over the second quarter thanks to strong output in June and despite inflation remaining high, official data showed Friday.

Gross domestic product grew 0.2 percent in the April to June period after output expanded 0.1 percent in the first quarter, the Office for National Statistics (ONS) said in a statement.

“Across the quarter as a whole, GDP grew a little with widespread growth across manufacturing, aided by falling raw material prices,” said Darren Morgan, director of economic statistics at the ONS.

The economy grew by a stronger-than-expected 0.5 percent in June, sending the pound higher against the dollar in early London trading.

The data was a boost also for the Conservative government, forecast to lose power in a general election due next year as Britain struggles with a cost-of-living crisis.

“The actions we’re taking to fight inflation are starting to take effect, which means we’re laying the strong foundations needed to grow the economy,” finance minister Jeremy Hunt said in reaction to the GDP figures.

“If we stick to our plan to help people into work and boost business investment, the IMF has said over the longer-term we will grow faster than Germany, France and Italy,” he added.

The growth update came one day after British household goods company Wilko collapsed owing to big debts, putting about 12,500 jobs at risk as high inflation and interest rates hurt consumers and businesses.

Prime Minister Rishi Sunak has made it a government priority to get UK annual inflation down to five percent by the end of 2023, around half the rate it was at the start of the year.

## What to buy

FROM PAGE B1

Sumaiya Islam, who works at a private firm and lives in Mohammadpur, echoed the same sentiment about the abnormal price hike of eggs.

Selim Raihan, a professor of economics at the University of Dhaka, thinks the rate at which prices are rising is unusual.

This means the government agencies responsible for keeping the market for essential commodities stable are not performing their duties properly, he alleged.

He said due to market mismanagement, a section of unscrupulous traders is increasing the price of goods at an abnormal rate.

Officials of the Directorate of National Consumers Right Protection yesterday conducted raids in the capital’s Kaptan Bazar and Mohammadpur areas and fined five traders for their failure to cite the purchase price in the cash memos, record the sales price, and display the price list.

But Prof Raihan thinks: “If prices go up abnormally, the problem can’t be resolved simply by conducting raids. The people who are involved should be held accountable.”

Ghulam Rahman, president of the Consumers Association of Bangladesh, said: “I have never heard or seen that a kilogramme of broiler chicken cost the same of a dozen of eggs. This is unusual.”

## Bangladesh close

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the international market for scanty domestic production, is projected to increase to 8 million bales.

The US agency, citing Bangladesh Textile Mills Association, said local textile mills meet 85 percent of the demand for knit fabrics and about 40 percent for woven fabric, which is mostly imported from China.

“Knitted cotton shirts and sweaters have been major products helping drive recent record high values,” it added.

The USDA said apparel exports are pivotal to Bangladesh’s economic

growth and stabilising the value of the domestic currency, specifically by obtaining US dollars through foreign sales.

Apparel accounts for over 80 percent of the country’s total exports each year, with the current export volume of nearly \$47 billion being more than double what it was a decade ago.

“This value surpassed the previous year’s record and indicates global importers’ increasing preference for Bangladeshi cotton products,” it said, adding that exports of knit apparel have been crucial to recent growth.

“This means there is no proper monitoring in the market.” He recalled the price of eggs increased at an unusual rate last year. “If the government had investigated the issue and taken actions accordingly, the common people might not have had to face the current situation.” Bangladesh is not the lone country that is witnessing a record jump in egg prices.

Dutch financial services provider Rabobank’s global egg price monitor reached a new record in the first quarter of 2023, with the index now peaking above 250, which means prices are 2.5 times higher than the reference year of 2007, and increased more than 100 percent since this time last year, it said in April.

Between the first quarter of 2022 and the identical three-month period of 2023, prices in the US and European Union increased by 155 percent and 62 percent, respectively, while egg prices in Japan reached 235 Japanese yen in March, their highest level since 2003.

Prices in many other markets have reached historic highs as well, including in Thailand, the Philippines, New Zealand, Nigeria, Kenya, Brazil, Mexico, and Argentina.

Rabobank expects prices to stay relatively high throughout 2023, especially in markets heavily impacted by avian flu, high costs, and regulatory changes.

## Ignoring

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to think only about their business, as per Hussain.

The ABB chairman said consumer behaviour has changed significantly in the last three to four years and as a result, the majority of banks started laying emphasis on their digital presence.

“We have to learn from the biggest cyberattack on the Bangladesh Bank IT system, when malware entered the system,” he said.

Hackers had stolen \$101 million from BB’s accounts with the Federal Reserve Bank of New York on February 5, 2016 by hacking the central bank IT system.

**“The existing manpower of banks will have to be trained and banks will have to take initiatives to raise awareness among them.”**

“The ABB arranged an international cybersecurity summit for the first time in June last year and we hired a good number of cybersecurity experts,” said Hussain.

Local banks substantially benefitted from the two-day summit and discussed what could be done to combat the risks. “We arranged the same summit in April this year,” he added.

The central bank recently passed a dozen instructions for banks, non-bank financial institutions and other payment gateways to implement to prepare against the threats of small to medium-scale cyberattacks.

Prior to that, the government’s Computer Incident Response Team (BGD e-GOV CIRT) issued an alert saying several hacktivist groups had threatened targeting critical infrastructures of the country.

## Stock market in bad patch

FROM PAGE B1

Some investors are closing their beneficiary owner (BO) accounts on incurring losses for months, said Ahmed, who is a former chairman of the economics department at the University of Dhaka.

The number of BO accounts dropped 5 per cent to 17.44 lakh over the past year, shows data of Central Depository Bangladesh Ltd.

Political tension is now gripping investors. If an inclusive and acceptable national parliamentary election takes place, peoples’ confidence will be restored and foreign investors will invest again, he added.

The floor price was imposed to safeguard general investors amid global economic uncertainties in the aftermath of the Russia-Ukraine war, said Sharif Anwar Hossain, a former president of DSE Brokers Association.

But now it has turned detrimental to the interests of general investors as they are unable to sell their shares, he said.

Due to the lack of buyers, investors’ funds are stuck in most cases while stock market intermediaries are also passing a challenging period as their income from commissions dropped by a massive extent, he said.

The stock market regulator is saying that the floor price will be lifted once the economy returns to a comfort zone but there is no saying when that will come about, he added.

Average daily turnover of the Dhaka bourse fell 30 percent to Tk 413 crore last week whereas it was Tk 592 crore in the preceding week.

In the past one year after the launch of the floor price, average turnover of the DSE came down to less than Tk 600 crore whereas it was around Tk 1,475 crore in the previous year, according to the DSE data.

Due to the floor price, buyers are reluctant to purchase shares as existing prices of the stocks are artificially high according to their estimates, according to a top official of a stock brokerage firm.

So, there are very few buyers for most stocks of the market, he said, preferring not to be named apprehending “trouble” from the stock market regulator for commenting on the floor price.

“Only some of the stocks were traded in the past one year...most of them are companies with poor performance records...prices of the rest remained the same for the lack of trade,” he said.

Of the 397 listed companies, more than 200 has had their stocks stuck at the floor price with no trade taking place over the past year, the DSE data shows.

In this situation, only a few stock brokerage firms accounted for the daily turnover of the DSE. So, most brokerage firms, especially those owned by individuals, are struggling to bear operational costs, said the stock broker.

“Floor price is now a double-edged sword for both investors and stock market intermediaries,” he added.

The stock market investors are facing problems because they cannot sell shares even when they are willing to give in to low prices, said Tajul Islam, a retired government official who is now a stock market investor.

“In the last one year, I could not trade any of my shares although I have shares worth Tk 18 lakh,” he said.

The stock market regulator has no option but to lift the floor price to save the intermediaries, even if it causes the stock market index to plunge by a big margin. “The floor price is now a big problem,” he said.

“It (floor price) was imposed to safeguard general investors. Now we are also eagerly waiting for a suitable time to lift the provision,” said Mohammad Rezaul Karim, spokesperson of the regulator.

Once it is understandable that the capital of investors no longer needs to be protected and that no crash of the stock market will recur, the BSEC will lift the floor price, he added.



## Mercantile Bank to invest Tk 12.5cr in Digi10 Bank

STAR BUSINESS DESK

Mercantile Bank Ltd is going to invest Tk 12.5 crore to be a sponsor shareholder of a proposed digital bank initiative styled “Digi10 Bank PLC”.

The board of directors of the bank recently took the decision in its 427th meeting held on August 9, said a press release.

According to the press release, Mercantile Bank will join a consortium of 10 private commercial banks who will apply for the digital bank initiative to the regulatory authority.

The initial paid-up capital of the proposed initiative “Digi10 Bank PLC” will be Tk 125 crore.

Mercantile Bank will invest Tk 12.50 crore which is 10 percent of the initial paid-up capital of the initiative.

The investment will be done subject to all regulatory approval.



A prefabricated steel structure to be used in the Bangabandhu Sheikh Mujib Railway Bridge is seen under construction at a manufacturing facility of McDonald Steel Building Products Limited.

PHOTO: COLLECTED

## India may roll out welfare measures for gig workers

REUTERS, New Delhi

India plans to roll out welfare measures for “gig” workers employed through platforms like Amazon, Uber and India’s Zomato as Prime Minister Narendra Modi’s government prepares for elections, government and trade union officials said.

The plan, part of the Social Security Code enacted in 2020, could include accident, health insurance and retirement benefits, said a senior government official with direct knowledge of the plan.

Ahead of the elections early next year, Modi’s party is eager to announce steps after the northern state of Rajasthan, ruled by opposition Congress party, approved setting up a fund through a surcharge on sales at platforms.

“There is an urgency to announce relief measures for gig workers,” said a government official, citing meetings with trade unions, gig platforms and state officials.

Gig workers need state protection, given rising exploitation by employers, said Ashwani Mahajan, an economic official at the Rashtriya Swayamsevak Sangh group, which has close ties to Modi’s government.

India’s gig workers, those outside traditional employer-employee relationships, are rapidly becoming an important part of the world’s fifth-biggest economy as the sector surged under Covid-19 restrictions and has been boosted by high unemployment.

The labour ministry declined to comment on the plans. Labour Minister Bhupender Yadav told lawmakers this week any scheme for gig workers might be funded through contributions by federal and state governments, as well as the platforms.

An industry expert with direct knowledge of the discussions said the platforms unanimously agreed with the labour ministry’s proposal about social security for gig workers and were ready to contribute to a “transparently” run welfare fund.

“We expect the announcement of federal measures in the next few months as players don’t want to deal with multiple states.”

Amazon, asked for comment on the proposed scheme and its potential costs, referred Reuters to a Thursday media statement that the company had created over 1.3 million jobs in India for delivery agents and sellers, including 140,000 in the past year, while boosting the retail business of small firms.

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## IEA raises world oil demand forecast

AFP, Paris

The International Energy Agency said Friday it had revised upwards its forecast for global oil demand growth in 2023 as demand is “scaling record highs”.

World oil demand already hit a record 103 million barrels per day in June and August and “could see yet another peak”, the Paris-based IEA said in its monthly report.

“For 2023 as a whole, global oil demand is set to expand by 2.2 million barrels per day to 102.2 million barrels per day,” it said.

China accounted for 70 percent of growth, the IEA said, adding that demand in the Asian giant was “also stronger than expected, reaching fresh highs despite persistent concerns over the health of the economy”.

“World oil demand is scaling record highs, boosted by strong summer air travel, increased oil use in power generation and surging Chinese petrochemical activity,” the IEA said.

The forecasted expansion in global demand in 2023 would mark its “highest ever annual level”, according to the agency, which in February had already forecast an annual record for the year of 101.9 million barrels per day.

The increasing demand for oil comes amid tensions on world markets after significant output cuts by several members of the OPEC+ alliance -- made up of 13 members of the Organization of the Petroleum Exporting Countries (OPEC) headed by Saudi Arabia and their 10 allies led by Russia -- to prop up prices.

As a result, global oil supply plunged by 910,000 barrels per day in July, to 100.9 mbd, the IEA said in its report.

A sharp reduction in production by Saudi Arabia last month saw output from the 23-nation OPEC+ alliance fall

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## McDonald supplying prefabricated steel structures for rail bridge

JAGARAN CHAKMA

A local company is providing prefabricated steel structures for the construction of a rail bridge in Bangladesh as the Japanese implementing agencies have granted approval in this regard.

Assuch, McDonald Steel Building Products Limited, a pioneer in structural steel fabrication, is supplying prefabricated steel structures for the Bangabandhu Sheikh Mujib Railway Bridge (BSMRB) being constructed over the Jamuna river.

Taken up in 2016, the roughly Tk 16,780 crore project is being implemented with a soft loan from Japan that covers 72 percent of the total cost while the rest is being paid from the government funds.

A joint venture between Japan’s Obayashi Corporation, TOA Corporation and JFE was contracted for constructing the eastern half of the bridge while IHI and SMCC paired up to complete the western part.

Abul Fattah Md Masudur Rahman, project director of the BSMRB, said the contractors selected McDonald Steel as a supplier only after ensuring that the company’s products meet Japanese standards.

“They even inspected the manufacturing facilities of McDonald Steel,” he added.

Previously, the contractors would get the required prefabricated steel structures from Vietnam as local

manufacturers were not capable of keeping up with the demand.

Rahman said that sourcing prefabricated steel structures from a local company will help save foreign currency while the company itself will benefit from representing the country as a manufacturer of world-class products.



He also said it is really tough to get approval for using local products in Japanese-funded projects unless their quality is fully assured.

Having started construction in August 2020, the project achieved physical progress of about 76 percent and financial progress of 65 percent up till June this year.

And with the approval having been granted in February last year, McDonald Steel has so far received substantial orders for steel products to be used in two spans of

the bridge.

“McDonald Steel maintains the same quality as foreign steel fabricators. That is why we received approval from the Japanese consultants,” said Md Sarwar Kamal, managing director of McDonald Steel.

Kamal also said other projects, including the Jamuna railway bridge, metro rail and expansion of the third terminal of Hazrat Shahjalal International Airport, are being implemented using products of McDonald Steel.

“This was previously unthinkable for Bangladeshi companies,” he added.

He also said other than creating skilled manpower and employment opportunities, the company is helping save foreign currency and reducing the government expenditures.

McDonald Steel currently operates two manufacturing facilities, with one in Gazipur and another at the Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram.

“A decade ago, it was unimaginable to build a mega project without using imported prefabricated modular units of steel, resting assured of their international standard,” Kamal said.

According to him, Japanese experts are supervising the manufacturing process while random samples are tested by those experts before installation.

## How to get the best from Bangladeshi diaspora

MAMUN RASHID

According to a 2021 study of the International Organisation for Migration, there could be an estimated 2.4 million Bangladeshi diaspora members in the UK and the US alone. Therefore, it can be assumed that the total number of Bangladeshis living abroad is huge. Even if a small portion of them contribute their skills, expertise and capital back to Bangladesh, it could make a huge difference.

The same has happened in India over the last decades but in India’s case, it is truly getting back a lot in return from its non-resident Indians (NRIs). Can the same be said for non-resident Bangladeshis (NRBs)?

NRIs are not only flourishing abroad in their careers and businesses. They are also very actively and directly involved in giving back to India. That is, so many of them appear to have this sense of obligation and duty toward their country of origin. When it comes to matters relating to India, NRIs bond and unite to serve India without any hesitancy and with complete dedication.

However, the same can’t be said in the case of NRBs and Bangladesh compared to NRIs and India and perhaps some changes in policy may be able to fix that. If proper policies and incentives are in place, it could encourage NRBs to share their knowledge and expertise leading to a significant boost in the country’s development speed.

The government will reportedly be looking to facilitate investment opportunities for those living abroad, and the policy will act as a tool to encourage the Bangladeshi diaspora to send remittances through authorised channels. This, too, could make a massive difference for our economy.

However, it is essential that the government establishes an effective formal framework to complement the policy, which would allow NRBs to make the maximum contribution in terms of our financial, economic and entrepreneurial needs.

If we take the case of India, it has had a similar policy in place for more than two decades and the reason why it has been successful is because of the foundational blocks that the country’s government has managed to lay down over the years.

Furthermore, the Indian government’s diplomatic missions in foreign countries are well-equipped with the proper personnel and tools to serve and facilitate the goals of the NRIs.

Similarly, Bangladesh must need to develop a strong and transparent system to make contributing to the country – whether in financial or intellectual terms – easy, rewarding and hassle-free.

It must be acknowledged that Bangladeshis living/working abroad are already making a sizeable contribution to our country. It is incumbent upon the authorities to ensure their well-being. We are pleased that the government has recognised this.

However, its track record of doing so via Bangladesh’s missions in foreign countries is not very satisfying. In fact, it is often heard about the challenge NRBs face to accomplish even the smallest tasks which require the help of foreign missions.

This is primarily due to the incompetence and inefficiency of the staff over there. Due to this many NRBs often try their best to avoid interactions with those missions and this is not right if we are to fully receive and enjoy what NRBs genuinely want to contribute to Bangladesh.

We hope that during finalising the policy to better facilitate domestic investment opportunities for NRBs, the government will successfully establish an accountable mechanism that can guarantee that this is done more effectively soon.

Like many other countries, we want to see NRBs integrated more into our common vision of prosperity.

The author is an economic analyst



## India rice export ban puts market on edge for copycat curbs

REUTERS, Mumbai

India’s rice export ban has the world market bracing for similar actions by rival suppliers to avoid potential domestic shortages as sellers try to fill the 10 million metric ton gap left by New Delhi, stoking concerns over already high global food inflation.

India’s latest restrictions are almost identical to those it imposed in 2007 and 2008, analysts say, which triggered a domino effect as many other countries were forced to curb exports to safeguard local consumers.

This time around the impact on supplies and prices could be even more sweeping, as India now accounts for more than 40 percent of global rice trade compared with around a 22 percent share 15 years ago, ratcheting up pressure on rice exporting nations such as Thailand and Vietnam to follow suit.

“India is now much more important for rice trade than it was in 2007 and 2008. The Indian ban back then forced other exporters to implement similar restrictions in a domino effect. Even this time, they have few options but to

react to market forces,” a New-Delhi based grains dealer with a global trade house said on condition of anonymity.

The impact on prices of the world’s

most consumed staple has been swift, hitting 15-year highs, after India surprised buyers last month by imposing a ban on widely consumed non-basmati



Labourers use shovels to separate rice husk from the grain at a wholesale market in Amritsar.

PHOTO: AFP/FILE

white rice sales to dampen price rises. New Delhi had already restricted lower quality broken rice supplies in 2022.

Limited supplies risk a further spike in the price of rice, and global food inflation, hitting impoverished consumers in Asia and Africa, analysts and traders said. Food importers are already grappling with tight supplies caused by erratic weather and disruptions in Black Sea shipments.

“Thailand, Vietnam, and other exporting countries are poised to step up their game, all in a bid to bridge the gap stemming from India’s shortfall,” said Nitin Gupta, senior vice president of Olam Agri India, one of the world’s top rice exporters.

“However, there exists a constraint in their surplus capacity for exports. This constraint could set the stage for a surge in prices at other origins, reminiscent of the notable price rally we witnessed in 2007/08.”

In 2008, rice prices reached a record high above \$1,000 per ton after India, Vietnam, Bangladesh, Egypt, Brazil and other small producers restricted exports.

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