Dhaka Bank to invest in digital bank

STAR BUSINESS REPORT

Hopping on the bandwagon with other conventional lenders that will establish digital banks, Dhaka Bank yesterday said it would invest Tk 12.5 crore to become a sponsor shareholder of a proposed digital bank.

The private bank disclosed to its shareholders that its board had decided to sponsor the proposed Shonchoy Digital Bank PLC and hold a 10 percent stake in the virtual bank, subject to regulatory approval.

Dhaka Bank is one of more than a dozen traditional brick-and-mortar banks that have announced plans to invest in establishing digital banks since the third week of June this year, when the central bank sought applications from prospective investors.

Ten banks have already formed a consortium to set up Digi10 Bank PLC.

Besides, Bank Asia and Brac Bank have also declared separate plans to be part of digital banks.

The deadline for the submission of applications ended yesterday.

Bangladesh, Denmark partner to ensure food safety

STAR BUSINESS REPORT

Denmark and Bangladesh have forged collaboration to strengthen their partnership for food safety and sustainable food production.

To this end, Bangladesh Food Safety Authority (BFSA) signed a memorandum of understanding (MoU) with Danish Veterinary and Food Administration (DVFA) at the food ministry office in Dhaka yesterday, said a press release.

The agreement aims to foster a strategic sector cooperation and enhance scientific, technical, and regulatory collaboration within food safety and sustainable food productions between the two nations, it said.

Through this partnership, both countries seek to collaborate on multiple initiatives that leverage their unique expertise, technologies, and resources to deliver innovative solutions for safe food and sustainable agriculture practices, it added.

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About 88.52 million tonnes of different types of goods were imported through the Chattogram port in fiscal year 2022-23 at a total cost of Tk 4.62 lakh crore.

PHOTO: STAR/FILE

IMPORT THRU CTG PORT

What are the products with highest import costs?

MOHAMMAD SUMAN, *Ctg*

Bangladesh spent the highest, over Tk 10,000 crore, behind the import of each of nine products in fiscal year (FY) 2022-23 although some 4,788 types of goods enter through the Chattogram port.

The nine are cotton, diesel, scrap metal, furnace oil, palm oil, soybean, cement clinker, wheat and crude edible oil.

Such amounts were spent behind six products in the previous FY of 2021-22 whereas only two in FY 2013-14.

For the last 10 years, it had been mainly cotton, which is the garment industry's raw material, and diesel, a fuel necessary for the generation of electricity.

Cement clinker, wheat and crude edible oil made it to the top expenditure list in FY 2022-23 while the rest in FY 2021-22.

Although liquefied natural gas (LNG) had been on the list in FY 2019-20 and 2020-21, it dropped out in the last two years.

All in all, 88.52 million tonnes of different types goods were imported through the Chattogram port in fiscal year 2022-23 at a total cost of Tk 4.62 lakh crore.

Out of this, the nine accounted for 37 million tonnes worth Tk 1.61 lakh crore. That means about 33 percent of the total import expenditure was behind the nine.

Traders said such amounts were being spent to bring over an increasing variety of goods for price hikes in the global market, increasing local demand, high dependence on imports and a decrease in the value of the taka against the dollar.

"Bangladesh is dependent on the import of almost all these products,"Moinul Islam, a former professor of economics at the University of Chattogram, told The Daily Star.

"Production of wheat in our country is close to 15 percent of the total demand... although mustard seed is produced in the country and can act as an alternative to palm or soybean oil, it can meet very little demand," he said.

"We have not been able to increase renewable energy generation capacity to 1,000 megawatts. As a result, most of the demand for electricity have to be met through fuel oil imports. So, most of the money is spent in this sector," he said.

The nine products each with Tk 10,000 crore import cost are cotton, diesel, scrap metal, furnace oil, palm oil, soybean, cement clinker, wheat and crude edible oil

"Considering all these, our expenditure behind these goods will continue to increase in the future," he added.

Analysing the past 10 years' data of Chattogram Custom House revealed that Tk 10,000 crore was spent behind the import of only two types of goods for the first five years from FY 2013-14.

Then in FY 2019-20 it was four and FY 2020-21 five.

According to the data, some of the highest amounts were spent behind importing cotton in the last 10 years.

About 14.21 lakh tonnes worth Tk 40,082 crore was imported in the last FY of 2022-23 whereas 15.09 lakh tonnes worth Tk 31,195 crore in FY 2021-22.

"The climate of our country is not suitable for cotton cultivation. As a result, 100 percent of the country's demand for cotton has to be met through import," said Syed Nazrul Islam, first vice president of the Bangladesh Garment Manufacturers and Exporters Association.

After cotton, diesel followed suit.

About 45.55 lakh tonnes worth Tk 27,380 crore were imported in FY 2022-23 whereas 34.46 lakh tonnes worth Tk 14,392 crore in FY 2021-22.

"A large part of our import expenditure is spent on fuel oil. Focus on renewable energy was needed to reduce fuel oil import costs. But it was not seen in the last decade," said Moinul Islam.

"If you pay attention now, it will take five to six years to have an effect. As a result, there is no opportunity to reduce import costs in this sector very soon," he added.

Meanwhile, Tk 20,689 crore was spent importing 42 lakh tonnes of scrap metal in FY 2022-23, Tk 15,921 crore for 33.43 lakh tonnes of furnace oil, Tk 14,027 crore for 12.7 lakh tonnes of palm oil and Tk 11,304 crore for 17.7 million tonnes of cement clinker.

Besides, Tk 11,099 crore was spent importing wheat, Tk 1,11,090 crore soybean and Tk 10,011 crore crude edible oil.

"About 80-85 percent of the country's wheat and edible oil needs are met with imports. Being an essential product, it is in high demand all over the world," said Abul Bashar Chowdhury, chairman of BSM Group, one of the importers of food products.

"The cost of imports has also increased as the prices of these products in the international market has been on an upward trend for the last few years," he said.

He said wheat cultivation started in Bangladesh around the 1990s. Earlier there was not much wheat cultivation. Farmers are more interested in paddy production than wheat as wheat is more affected by rains than paddy, he said.

Moreover, if wheat cultivation increases, rice cultivation will decrease as both are produced in the same season, he pointed out.

The hard-to-read bosses

MAHTAB UDDIN AHMED

A top executive was once giving a speech at a conference. He said, "Ladies and gentlemen, let me share some of the secrets behind my success. But before I do that, I need to make a disclaimer. Everything I'm about to say is only half true. The other half is either false or incomplete. So, please don't take my words at face value. Instead, use your judgment and intuition to determine which part is true and which part is not". Stunned and confused, the audience wondered, "What's the point of listening to him if he's not even telling the whole truth?" With a smile, the executive nodded and said, "That's the first secret of my success: always keep them guessing."

In my long career, I had the misfortune to come across one such leader as my boss. According to a survey by GoodHire in the US, 36 percent of employees said their boss is dishonest or untrustworthy, and 31 percent said that their boss is secretive or withholding information. This shows that many workers do not trust their bosses or believe they are not transparent or honest with them.

It is often found that such leaders tend to hide or distort the truth and may lie or manipulate others for their personal interests. Their employees may be unfairly or unprofessionally treated because of impact, which has a ripple effect on their mental well-being and career prospects.

Such bosses are generally poor listeners and lousy team players, as they do not value the opinions or feelings of others. Needless to say, they are selfish, indifferent to the benefits of their colleagues and subordinates. Their dominant trait being secretive; they can go to extensive lengths to protect their own interests, including lying, deceiving, breaking promises and betraying their closest allies.

When one is faced with such a boss or leader, he/she is bound to feel frustrated and almost trapped in the job. But we are also familiar with the smart alecks who seem to know how to decode the ambiguity surrounding such bosses. In fact, one may adopt specific strategies to cope in such a situation, such as detecting the boss's motivations, focusing on how to solve the problem instead of dwelling too much on the problem itself, choosing words carefully when in conversation with the boss, keeping a record of communications, and (as a last resort) seeking support from others and escalating the issue if needed.

Laughter is the best medicine. One should try to find some humour in the boss's behaviour to help reduce the stress and, at the same time, bond with those who are enduring the same suffering. When the boss tells you this is the fifth time you are late, you should smile and tell yourself it is almost the weekend!

There are also stoic, rational workers who may even manage to reap benefits from working under such adverse leaders. They can master the skills to cope with stress, ambiguity, and uncertainties. They can learn the dynamics of risk-taking, which can benefit the organisation too. In the absence or lack of guidance and validation from the boss, they may develop better self-confidence and self-reliance and may also become more resilient and adaptable, being able to take on the various challenges and obstacles thrown by their boss.

The answer to whether it is worth working under such a boss or leader lies in one's personal goals and circumstances. It is important to weigh the pros and cons carefully and decide what is best for you.

To the bosses who are reading this and squinting at the mirror, my advice is, please wear the coat of transparency to work for – "The currency of leadership is transparency. There are moments where you have to share your soul and conscience with people and show them who you are and not be afraid of it." – Howard Shultz

The write is founder and managing director of BuildCon Consultancies Ltd

India may import wheat from Russia at discount

REUTERS, *New Delhi/Mumbai*

India is in talks with Russia to import wheat at a discount to surging global prices in a rare move to boost supplies and curb food inflation ahead of state and national elections next year, according to four sources.

The imports would allow New Delhi to intervene more effectively in the market to drive down wheat prices that stoked inflation to a 15-month high in July.

"The government is exploring the possibility of imports through private trade and government-to-government deals. The decision will be made cautiously," one of the sources told Reuters, when asked about wheat imports from Russia.

India has not imported wheat through diplomatic deals in years. The last time India imported a significant amount of wheat was in 2017, when private traders shipped in 5.3 million metric tons.

The government's plan to import Russian wheat is one of the supply-side measures being considered to bring down prices of key commodities like fuel, cereals and pulse along with an extension of rural schemes to ease the impact of inflation on the poor, two of the sources with knowledge of the matter said.

Sources did not want to be named as the discussions are private and the final decision might be weeks away. India's finance, trade and government spokespersons did not reply to emails and messages seeking comment.

Last month, Sanjeev Chopra, the most senior civil servant at the federal food ministry, said there was no proposal to import wheat from Russia.

How bad is China's property crisis?

REUTERS, *Hong Kong*

The debt crisis at Country Garden, China's largest property developer before this year and once considered a financially sound company, has triggered fresh contagion fears just two years after China Evergrande Group defaulted.

Since the sector's debt crisis unfolded in mid-2021, companies accounting for 40 percent of Chinese home sales have defaulted, most of them private property developers.

It has led to many unfinished homes, unpaid suppliers and creditors who are not only financial institutions but also ordinary folks who bought wealth management products linked to trust financing.

Many offshore bonds now trade at low double- or even single-digit cents on the dollar, and their share values have shrunk 90 percent. There is very little liquidity left in both the equity and debt markets as investors and creditors avoid the sector.

With home sales already very weak, the debt crisis could delay the prospect of a recovery of both the property market and the broader Chinese economy, in which real estate is a core pillar.

S&P Global Rating said on Wednesday it could adjust its forecast for property sales to a "descending staircase" figure from an "L" shaped recovery, if Country Garden officially defaulted.

Homebuyers could become even more wary of private developer brands, and home prices in many areas could come under greater pressure if Country Garden resorted to fire sales to raise cash.

Local government could tighten more the escrow accounts where presale funds are kept in order to ensure homes can be completed and delivered – a top priority set by Beijing.

These would in turn squeeze the sector more and lead to additional defaults even among state-backed developers.

Residential buildings by Chinese developer Country Garden are under construction in Beijing.

PHOTO: AFP

Country Garden's quick slip into financial trouble did not shock the market as much as Evergrande's because most private developers had already defaulted. However, it emerged when the property market and the economy are in much worse shape.

While Country Garden's total liabilities of 1.4 trillion yuan ($191.7 billion) are only 59 percent as big as those at Evergrande, the world's most indebted developer, it has 3,121 projects across all China's provinces, compared to around 800 for Evergrande.

Evergrande was already insolvent at the time of default, but Country Garden currently still has more assets than liabilities. Analysts warn that Country Garden could become insolvent if it had to write off large inventories and run into negative equity if its asset values dropped over time.

This week, news of missed payments on investment products by leading trust firm Zhongrong International Trust Co highlighted the outsized exposure of China's $3 trillion shadow banking sector to the property sector.