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Businesses laud pension scheme for private sector

JAGARAN CHAKMA

Business leaders and experts have lauded one of the four packages of a universal pension scheme (UPS) meant for employees of private companies, saying it would enhance post-retirement financial security and benefit employers too.

Rollled out by Prime Minister Sheikh Hasina on August 17, the UPS aims to bring every citizen of the country aged above 18 under pension coverage.

Its four schemes require beneficiaries to pay instalments up to the age of 60, after which they will start to get a pension every month.

The Progoti scheme has three instalment options -- Tk 2,000, Tk 3,000 and Tk 5,000. Any private company deciding to avail the scheme has to pay 50 percent of the instalment while the employee has to pay the remaining 50 percent.

"It is something of a relief for the corporate sector as the government has taken the responsibility of providing retirement benefits," Md Saiful Islam, president of the Metropolitan Chamber of Commerce & Industry, Dhaka.

It is a time-befitting decision of the government through which the country's millions of private sector employees can benefit, he said.

The UPS will in a way act as social safety net programmes just like those in developed countries, enhancing the country's image, he said.

"As the private sector employers are already ensuring gratuity and provident funds for employees, the corporate sector should naturally take up this opportunity," said Islam.

"We have to contribute to the UPS by ensuring enrolment and the government will take up all responsibility," he said.

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Investment dries up in dyeing sector as gas shortage lingers

Not a single new dyeing unit set up in two years

REFAYET ULLAH MIRDHA

Investment has dried up in Bangladesh's dyeing sector, a vital cog in the textile and apparel supply chain, owing to the dragging gas shortage despite higher demand for fabrics from local garment exporters, industry people say.

Not a single new dyeing unit has been set up in the country in the last two years because of the energy crunch and a spike in the investment needed to establish such a facility, said Monsoor Ahmed, chief executive officer of the Bangladesh Textile Mills Association (BTMA), a platform of the primary textile sector.

Inadequate supply of gas has been an issue for textile millers for a long time since local production has not kept pace with a surge in demand for energy. This prompted the country to turn to liquified natural gas (LNG) in 2018.

But a US dollar shortage forced the government to halt buying LNG from the international spot market in the middle of last year, dealing a blow to industries as gas supply declined.

Although the government resumed buying the super-chilled energy from the international spot market at the beginning of 2023, industries have not overcome the energy shortage entirely.

Textile millers say the dearth of fresh investment lingers since existing dyeing units are already running at half their capacity although there is a glut of orders from both local knit and woven fabrics manufacturers.

In Bangladesh, the consumption of locally made fabrics is rising as international clothing retailers and brands have shortened their lead time to 30-45 days from 90-120 days to remain competitive globally.

This means garment exporters have no other way but to use local fabrics since

BY THE NUMBERS



Dyeing units running at **50% capacity** for gas crisis



Bangladesh has nearly **400 dyeing units**



Tk **600cr** needed to set up a dyeing factory




Burning of gas of \$2 can earn **\$38**



A small factory needs **25-tonne boiler, gas generator and 3MW electricity**

SOME IMPORTANT POINTS

- Demand for local fabrics rising
- Clothing retailers have cut lead time to **30-45 days** from **90-120 days**
- Local spinners can supply **90%** fabrics for knitwear and **40%** for woven
- BGMEA targets to export **\$100b** apparel by 2030



MAJOR PROBLEM
Gas crisis is the major reason for low investment

INVESTMENT
No new investment in dyeing sector in two years
About Tk **30,000cr** invested so far in the sector

imports from China and other countries take time and will make it difficult for manufacturers to supply finished products within the agreed deadline if they continue to rely on the external market for textile products.

Currently, local spinners can supply nearly 90 percent fabrics and weavers can meet more than 40 percent of the demand for fabrics from garment manufacturers, who accounted for more than 85 per cent of Bangladesh's export earnings of \$55.50 billion in the last fiscal year.

Owing to the higher inflow of orders and the truncated lead time, many dyeing industries have already been transformed

into composite units, which consist of the facilities and processes involved in turning textile raw materials into fabrics.

In Bangladesh, nearly 400 large dyeing units are capable of meeting the entire demand for knit and woven fabrics.

"We have a lot of work orders from garment manufacturers and suppliers. Even 800 dyeing units can run smoothly amid the current flow of orders," said Md Azahar Khan, chairman of Mithela Group, a textile and garment producer in Narayanganj.

He said despite the huge business opportunity, local dyers can use 50 percent of their capacity because of the

gas crisis. Operating dyeing units and boilers needs a lot of gas pressure, Khan said.

Some of the dyeing units are running using rice husk, but securing such a big volume of the protective coverings of grains is a challenge for millers, he said.

Md Saleudh Zaman Khan, managing director of NZ Tex Group, also a Narayanganj-based textile and garment unit, said he used to run his boiler with coal in the past for dyeing purpose but it is not possible now because of the environmental compliance demanded by international clothing retailers and brands.

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WEEKLY INTERVIEW



Ghulam Rahman

'Govt should have allowed egg imports'

SUKANTA HALDER

The government should have facilitated egg imports for a certain period because of the recent abnormal price hike for the low-cost source of protein, according to Ghulam Rahman, president of the Consumers Association of Bangladesh (CAB).

He said that unscrupulous traders have a tendency to raise the price through artificial means, namely a false supply crunch, when imports threaten to lower their profits.

The price of brown eggs at kitchen markets, including those in Dhaka city, rose abnormally to between Tk 165 and Tk 180 per dozen last week

"But consumers' suffering would decrease if imports were allowed," Rahman said in an interview with The Daily Star yesterday.

"And while the interests of poultry farmers should be protected, similarly ensuring the interests of consumers should not be limited to words only," he added.

The price of brown eggs at kitchen markets, including those in Dhaka city, rose abnormally to between Tk 165 and Tk 180 per dozen last week, as per data of the Trading Corporation of Bangladesh (TCB).

READ MORE ON B2



Farmers in Gordia area of Faridpur's Saltha upazila separate jute fibres from stems following retting, a process employing the action of bacteria and moisture to rot away cellular tissues. This year farmers were able to avail 10 maunds to 12 maunds of jute (one maund equals around 37 kilograms) per bigha of land investing Tk 30,000 to Tk 32,000. Jute is selling for Tk 2,400 to Tk 3,000 per maund in the local market. The photo was taken last week.

PHOTO: SUZIT KUMAR DAS

Summer onion cultivation expands slowly

SOHEL PARVEZ

Bangladesh is registering a slow spike in the cultivation of onions during summer with the government patronising the expansion to reduce high import dependence during the lean season from October to November.

Acreage of the bulb, a popular vegetable mainly used as spice, grew 8 percent year-on-year to 2,700 hectares in fiscal 2022-23.

Farmers bagged nearly 40,000 tonnes of onion during the year, data of the Department of Agricultural Extension (DAE) showed.

For the current season, the DAE targets to bring 5,000 hectares under summer onion cultivation to produce 51,000 tonnes, said Md Rabiul Hoque Mazumder, additional director of crops wing at the DAE.

"We will give incentives to farmers, particularly seeds, to encourage them to grow onions during Kharip seasons," he said.

Kharip is typically divided into two seasons beginning from Kharip-1 (March 15 to June 15) and Kharip-2 (June 16 to October 15). Yield of summer onions is higher during Kharip-2, said Mazumder.

The DAE official said the government plans to provide incentives worth Tk 9,000 per bigha to farmers to promote the cultivation of onions

and thereby increase domestic availability.

The government stepped in to bolster local production of onions in 2020, a year after domestic prices of bulb soared to a historic high of Tk 250 per kilogram. The price hike resulted from a ban on onion shipments by India, a major source of onion for Bangladesh to meet its deficit.

The country requires about 25 lakh tonnes of onion each year, according to an estimate by the Bangladesh Trade and Tariff Commission.

And, as per official statistics, the country produces more than its requirement during the winter season. Yet, a big portion of the vegetable gets lost for lack of proper storage facilities and post-harvest losses, resulting in a shortfall of the bulb during the lean period.

The government took the initiative to promote cultivation of summer onions to increase supply during the lean period, said agricultural officials and researchers.

"Summer onion is a prospective crop and the government is providing support to expand its cultivation," said Mazumder.

Shahida Begum, an onion grower in Faridpur, a major onion producing hub, said farmers in the western bordering district Meherpur grow summer onions and her family has started cultivation this year.

READ MORE ON B3

India slaps 40% duty on onion export

STAR BUSINESS REPORT

India yesterday imposed a 40 percent duty on the export of onions in an effort to retain stocks at home and tame escalating prices in its domestic market, according to a notification by India's finance ministry.

The neighbouring country said it would maintain the export duty until December 31 this year, a development that is likely to fuel prices of the popular cooking ingredient in Bangladesh.

Prices of onion have been spiralling in the domestic market over the last two weeks, influenced by increased import prices and falling stocks of winter onions grown in the country.

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Ron Haque can't attend National Bank's meetings

BB imposes ban

MD MEHEDI HASAN

Bangladesh Bank has barred National Bank Director Ron Haque Sikder from attending the bank's meetings, including board meetings, due to violation of central bank rules.

The banking watchdog informed National Bank Managing Director Md Mehmood Husain about the bar through a letter on July 26.

The bar was imposed as the first-generation bank did not take mandatory regulatory approval before re-electing Ron Haque as one of its directors.

On August 25 last year in the 39th annual general meeting held virtually, National Bank re-elected Ron Haque as a director and removed two incumbent directors—Moazzam Hossain and Mabroor Hossain—from their directorships.

But the bank skipped sending the necessary papers to the BB, submission of which were made mandatory by the central bank in 2021 for election, re-election, appointment or reappointment of a bank director.

Since then, the banking regulator has been repeatedly asking the bank to send documents of the AGM, but it is yet to take BB's permission for the re-election of Ron Haque Sikder, a senior official of the Bangladesh Bank said seeking anonymity.

However, National Bank has recently sought some time from the regulator to respond to the letter, the official said.

Some banks have the tendency to skip complying with BB's rules on appointment or re-appointment of directors, and National Bank is one of them, he added.

READ MORE ON B3

STOCKS		WEEK-ON WEEK
DSEX	CASPI	
0.67%	0.65%	
6,254.83	18,478.22	

COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$1,889.52	\$81.45	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.31%	▼ 0.55%	▼ 0.71%	▼ 1.00%	
64,948.66	31,450.76	3,173.93	3,131.95	

Rancon hands over ‘Casa Crown’ to clients

STAR BUSINESS DESK

Rancon FC Properties, a subsidiary of Rancon Group, handed over their environmentally friendly project styled “Casa Crown” to its clients at Nasirabad Housing in Chattogram yesterday.

Fahim Faruk Chowdhury, managing director of the company, handed over a symbolic key to the clients at a programme, said a press release.

Among others, Tanvir Shahriar Rimon, executive director and CEO (real estate and sea fishing) of Rancon, along with landowners, customers, and stakeholders were present.



Fahim Faruk Chowdhury, managing director of Rancon FC Properties, hands over a dummy key to the clients of the environmentally friendly project styled “Casa Crown” at a programme held at Nasirabad Housing in Chattogram yesterday.

PHOTO: RANCON GROUP



Golam Murshed, managing director of Walton Hi-Tech Industries PLC, attends a press conference following the closing of the International Advanced Components and Technology (ATS) Expo-2023, at its corporate office in the capital yesterday.

PHOTO: WALTON GROUP

Brac Bank profit surges 75% in Jan-Jun

STAR BUSINESS DESK

Brac Bank’s consolidated net profit after-tax (NPAT) grew by 75 percent supported by strong balance sheet growth in the first half of 2023.

For January-June 2023, the bank’s consolidated financial data, accounting for all subsidiaries, registered an NPAT of Tk 334 crore compared to Tk 191 crore during the same period of 2022.

The bank revealed its financial achievements and operations for the first six months of 2023 at an earnings disclosure event, which was held virtually recently, said a press release.

The lender’ individual NPAT for the first half of 2023 was Tk 303 crore, up from Tk 254 crore the previous year.

Between January and June 2023, the bank had a 29 percent rise in its annualised standalone loan portfolio and a 28 percent increase in customer deposits compared to December 2022.

“It is a testament to the trust our customers place in us and our sustainability. We aim to maintain and amplify this growth journey. Such strong growth is a clear indicator of our long-term ambition of doubling our business by 2025,” said Selim RF Hussain, managing director and CEO of the bank.



Selim RF Hussain, managing director of Brac Bank, attends an earnings disclosure event, which was held virtually recently. Other top officials of the bank shared insights on the bank’s performance, its operational milestones and future plans at the event.

PHOTO: BRAC BANK



Md Nazrul Islam Mazumder, chairman of Exim Bank, delivers speech in a “Special Business Development Conference 2023” of the bank at its head office in Dhaka yesterday. Mohammad Feroz Hossain, managing director of the bank, presided over the meeting, where Md Nurul Amin Faruk, and AKM Nurul Fazal Bulbul, directors, Md Humayun Kabir and Shah Md Abdul Bari, additional managing directors, Sk Bashirul Islam, Md Zoshim Uddin Bhuiyan and Maksuda Khanam, deputy managing directors, were present.

PHOTO: EXIM BANK

Chinese developer Evergrande files for bankruptcy protection

AFP, New York

Embattled Chinese property giant Evergrande Group filed for bankruptcy protection in the United States on Thursday, court documents showed, a measure that protects its US assets while it attempts to restructure.

Evergrande, once China’s top property developer, was found in 2021 to be struggling with more than \$300 billion in liabilities, as it came under intense pressure after officials tightened scrutiny of the real estate industry.

The company’s woes have come to symbolise the growing crisis in China’s sprawling property sector, which accounts for a huge portion of the world’s number two economy, that many fears could spill over globally.

Several major developers have been hit in the unfolding drama as they fail to complete housing projects, triggering protests and mortgage boycotts from homebuyers.

In the latest filings in New York,

Tianji Holding and Scenery Journey – of which Evergrande is the ultimate holding company – filed for Chapter 15 protection, which provides mechanisms for dealing with insolvency cases involving more than one country.

Evergrande has worked on an offshore debt restructuring agreement for months and unveiled a proposal earlier this year.

The plan offers creditors a choice to swap their debt into new notes issued by the company and equities in two subsidiaries, Evergrande Property Services Group and Evergrande New Energy Vehicle Group.

Evergrande first defaulted on its bonds in 2021, fanning fears of contagion. The latest court documents referenced restructuring proceedings in Hong Kong.

Yan Yuejin, research director at E-house China R&D Institute, told AFP that Evergrande’s latest filing was an “equivalent to seeking a better debt restructuring”.

“In fact, Evergrande’s business is certainly still operational. After

all, it has a huge responsibility of ensuring deliveries of presold homes,” he told AFP.

In July, Evergrande reported a net loss of more than \$113 billion in 2021 and 2022. The group’s liabilities stood at almost \$340 billion at the end of 2022, with \$85 billion of borrowings. The developer had about \$2 billion in total cash at the time.

Housing reform in China during the late 1990s unleashed a boom in the real estate sector, spurred by social norms that consider owning property a prerequisite for marriage.

But the massive debt accrued by the industry’s biggest players has been perceived by Beijing in recent years as an unacceptable risk for China’s financial system and overall economic health.

To reduce the sector’s indebtedness, authorities have gradually tightened conditions for developers’ access to credit since 2020, drying up sources of financing for firms already in debt.

Walmart reports another solid quarter

AFP, New York

Walmart raised its full-year forecast on Thursday as it posted another quarter of solid results, grabbing market share in groceries and other staples against a backdrop of inflationary pressures.

The big retailer, which has been seen as well-positioned amid a period of pricing pressure because of its reputation for value, enjoyed another quarter of growing sales at its namesake US stores.

Walmart reported second-quarter profits of \$7.9 billion, up 53 percent from the year-ago period, a time marred by excess inventories due in part to pandemic supply chain issues.

Revenues rose 5.7 percent to \$161.6 billion. Although inflation has retreated somewhat from its levels a year ago, executives described the US consumer as discriminating, having shifted behaviors compared with pre-pandemic life.

Shoppers are preparing more meals at home, which not only supports demand for groceries, but also lifts sales of kitchen tools such as hand blenders and mixers, executives said.

The chain has also seen an uptick of its Walmart-branded items for household staples such as mustard and potato chips, which have lower sticker prices compared with other brands’ offerings.

“Customers are stretching their dollars further and sticking better value across more categories,” said Chief Financial Officer John David Rainey on a conference call with analysts.

But Rainey said that customers are still showing a willingness to spend on special occasions.

“Consumers are not compromising on some of the holiday seasons,” he said. “Around July 4th and some of the holidays... they’re showing a willingness to spend, and our team is leaning into that.”

Govt should have allowed

FROM PAGE B1

“It is unbelievable that a dozen eggs could cost as much as a kilogramme of broiler chicken,” Rahman said in an earlier interview.

On August 13, Fisheries and Livestock Minister SM Rezaul Karim said the cost of producing an egg in the country currently stands at about Tk 10.50 per piece.

“So, if it is sold at the retail level for Tk 12, then everyone will benefit,” he told reporters recently.

In face of the record-high price of eggs, the Directorate of National Consumer Rights Protection started conducting drives on the market from the second week of August, after which the price started falling.

As such, a dozen brown eggs sold at Tk 150 to Tk 159 in different markets of Dhaka yesterday.

CAB President Rahman said traders currently need permission

from the fisheries and livestock ministry to import eggs.

Besides, they also require permission from the food and agriculture ministries to import rice and onion.

“But I don’t think such conditions should be required in a free market economy,” he added.

Rahman also said the government should fix a fair price for essential commodities keeping in mind various aspects.

“This way, when traders see the cost of an essential commodity is increasing at an abnormal rate, they can start importing the product and thereby cool off the domestic price,” he said.

“As such, consumers would be able to buy their essentials at a fair price at all times and the interests of both traders and buyers would be protected,” Rahman added.

China oil buying

FROM PAGE B4

“China built up the stocks to run them down when it wanted to avoid the overheated market of July-August,” said Kpler analyst Viktor Katona.

“As a tactical move, it worked well because they’ve avoided the \$85+ per barrel environment for large-scale purchases.”

Adi Imsirovic, director at energy consultancy Surrey Clean Energy, estimated China bought about 750,000 to 1 million barrels bpd of crude just for storage in the first half of 2023.

“With prices at least \$85 and above, China will not buy for storage,” he said.

“That will just cancel out what the Saudis are doing.”

Saudi Arabia extended an additional 1 million bpd voluntary production cut for a third month in September and said it could be extended again or even deepened.

But China is now destocking as refiners crank up production and cut

imports in July. Kpler and Vortexa figure that inventories are down 13-30 million barrels from July’s peak. Still, stockpiles are at least 30 million barrels above year-ago levels.

“The size of the domestic crude stock is enough to service a thirsty refinery sector, more than enough to service a stalled economy and large enough to weather any more additions to this (oil price) rally without having to resort to panic spot buying,” said John Evans from oil broker PVM.

Traders said Chinese refiners have been slow to book spot crude cargoes arriving in October and November after Gulf producers hiked term prices for a third month and as spot premiums for Middle Eastern grades hit 6-month highs on tight supply.

China’s crude imports hit a 3-year peak of 12.67 million bpd in June, according to official data. Citi analysts expect the imports to moderate to between 11 million to 12 million bpd.

Helal Ahmed re-elected as independent director of Bank Asia

STAR BUSINESS DESK

The Board of Directors of Bank Asia Limited recently re-elected Helal Ahmed Chowdhury as an independent director for another three-year term at its 500th board meeting.

Chowdhury is a veteran banker with around four and a half decades of banking experience, said a press release.

He started his career with Pubali Bank in 1977 as a Class-1 officer through superior service examination and was promoted in course to managing director and CEO (2006-2014) in the same bank, said a press release.

Under his dynamic leadership, Pubali Bank got transformed into an institutional role model of government turned private commercial bank and won the prestigious award “Best Financial

Institution” of the country given by DHL and The Daily Star in 2009.

A former supernumerary professor at the Bangladesh Institute of Bank Management, Chowdhury is the board member and vice-chairman of the Association of Bankers, Bangladesh and a board member of the Bangladesh Institute of Bank Management.

He is a general body member of Palli Karma-Sahayak Foundation and a member of ICC Bangladesh Banking Commission.

He is engaged with a number of social organisations and trade bodies at different capacities and working as a resource person in different training or seminars at home and abroad.

Chowdhury is an MA and a Diplomaed Associate of IBB.



PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (AUG 19, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 62-Tk 72	-0.74 ↓	-7.59 ↓
Coarse rice (kg)	Tk 48-Tk 50	-2 ↓	-7.55 ↓
Loose flour (kg)	Tk 50-Tk 52	0	-2.86 ↓
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 155-Tk 160	-3.67 ↓	-9.48 ↓
Potato (kg)	Tk 36-Tk 40	-2.56 ↓	35.71 ↑
Onion (kg)	Tk 80-Tk 85	32 ↑	65 ↑
Egg (4 pcs)	Tk 50-Tk 53	7.29 ↑	8.42 ↑

SOURCE: TCB

India plans to hold FTA talks with UK, EU, Canada

REUTERS, New Delhi

India plans to hold bilateral free trade talks with the United Kingdom, the European Union and Canada and discuss bilateral trade issues with the Russian delegation on the sidelines of a G20 meeting next week, a top trade official said on Friday.

The G20 trade ministers are likely to discuss trade and World Trade Organisation reforms in their meeting, trade secretary Sunil Barthwal also told reporters.

More than 300 delegates from G20 members are to gather in Jaipur, about 300 km from the capital New Delhi, for the August 24-25 Trade and Investment Ministerial meeting.

The Trade and Investment Working Group was set up in 2016 under the Chinese G20 presidency and has continued to hold talks on related issues at subsequent meetings.

"WTO reforms is one of the priority issues at G20," the official, said noting that the agenda for the G20, who account for nearly 85 percent of global GDP, will include the role of logistics in expanding global value chains and small businesses.

Oil prices up 1%

REUTERS, Bengaluru

Oil prices rose about 1 percent on Friday on signs of slowing US output, but both crude benchmarks also ended their longest weekly rally of 2023 on mounting concerns about global demand growth.

West Texas Intermediate (WTI) crude futures gained 86 cents, or 1.1 percent, to settle at \$81.25 a barrel, and Brent crude futures rose 68 cents, or 0.8 percent, to settle at \$84.80 a barrel.

Both benchmarks pushed higher on Friday after industry data showed that the US oil and natural gas rig count, an early indicator of future output, fell for the sixth week in a row.



Workers are seen at the "common facility centre" established by SME Foundation for shoemakers in Kaluhati village under Rajshahi's Charghat upazila.

PHOTO: COLLECTED

New initiative to boost shoemaking

ANWAR ALLI, Rajshahi

The SME Foundation has established a common facility centre (CFC) for shoemakers in Kaluhati village under Rajshahi's Charghat upazila, a move that is expected to help businesses improve the quality of their products.

State Minister Mohammad Shahriar Alam, also a ruling party lawmaker from the area, inaugurated the facility on Friday. It has been set up under a Tk 2.5 crore project.

Located on a 3,000 square-foot site, the CFC has already bought 13 machines to cut, stitch and finish leather and 15 more machines would be purchased gradually, said Md Mafizur Rahman, managing director of the state-run agency.

It came after the SME Foundation conducted a study in the village in 2013. The foundation has already provided training to shoemakers in the last seven years.

"The facility will help shoemakers improve the quality of their products using modern technologies. Our dependence on imported leather goods will also lessen once the initiative turns out a success," Rahman said.

Some 85 shoemaking entrepreneurs and 500 workers dependent on them would directly benefit from the CFC, said Md

Shohrub Hossain, upazila nirbahi officer.

The facility is the first of its kind in the country and will be run by a committee headed by Hossain.

Shoemakers say the CFC will remarkably improve their lives by helping them improve the quality of their products and increase productivity and access new markets.

Located on a 3,000 square-foot site, the facility centre has already bought 13 pieces of machinery and 15 more would be purchased gradually

"We are very happy to have this CFC in our village," said Ranju Ali, president of the Kaluhati Paduka Cluster.

"It will help us make not only better shoes but also other leather goods and sell them at a higher price."

The first shoemaking factory in Kaluhati was set up in 1980. Witnessing its success, other villagers established factories, turning the village into a hub for shoemaking with their sales network spread across Bangladesh.

After the Awami League-led government

came to power in 2009, Shahriar Alam, then a ruling party lawmaker, started supporting small industries.

The village had 10 factories in 2010 and it now boasts 65 units, producing five lakh pairs of sandals and loafers annually and providing jobs to around 10,000 people, said Sohel Rana, general secretary of the cluster.

"The CFC will help shoemakers learn new skills and improve their business management. It will also help us manufacture new leather goods, including belts, wallets and ladies' bags."

Speaking at the event, the state minister said that the CFC is a major initiative of the government to support small and medium enterprises (SMEs).

"The government is committed to providing all necessary support to SMEs to help them contribute to the economy."

The SME Foundation plans to set up more CFCs in other parts of the country.

In a 2013 study, the foundation identified 177 clusters in the light-engineering, handloom, embroidered quilt, garment and handicraft sectors across the country.

Some 70,000 businesses in the clusters generate an annual turnover of Tk 30,000 crore and have employed 20 lakh workers, Rahman added.

Nat'l Housing Finance completes 25yrs of operation

STAR BUSINESS DESK

National Housing Finance and Investments Ltd, a specialised financial institution, has completed 25 years of operation in the financial sector.

The institution has been serving and empowering people to achieve their dreams of homeownership while promoting financial inclusion and environmental sustainability with a branch network and customer-centric approach for the last two decades.

Whether it is facilitating the purchase of flats or providing financial support to build houses, the institution's customised solutions have positively impacted the lives of numerous families.

Currently, it is operating its activities all over the country with 10 branches and three sales offices, said a press release.

The branches are located in Motijheel, Gulshan, Karwanbazar, Gazipur, Chattogram, Rajshahi, Bogura, Rangpur, Khulna and Feni, while its sales offices are in Uttara, Mirpur and Narayanganj.

In 1998, the institution embarked on a journey with a bold vision to create a financial institution that would not only serve as a safe haven for our customers' hard-earned money, but also as a catalyst for economic growth and development in the community.

National Housing is now owned by 15 renowned corporate shareholders, which include three banks (National Bank, United Commercial Bank and IFIC Bank), seven insurance companies (Jiban Bima, Sadharan Bima, Eastern, Eastland, National Life, Reliance and Pragati) and five corporate/business groups (Square Pharmaceuticals, Bangladesh Lamps, HRC Group, Shaw Wallace Bangladesh and Borak Travels).

National Housing obtained Bangladesh Bank licence on December 29, 1998, as a non-bank financial institution specialised to cater the basic need of shelter.

National Housing became a member of Dhaka Stock Exchange on December 23, 2008, and Chittagong Stock Exchange on November 11, 2008.

SBAC Bank elects new chairman

STAR BUSINESS DESK

SBAC Bank Ltd has elected a new chairman at a meeting of its Board of Directors last week.

The electee, Abu Zafar Mohammad Shofiuddin, is the chairman of SQ Group, a family-run business which manufactures power generation and distribution equipment through 23 factories and employs over 6,000 individuals, said a press release.

Shofiuddin obtained a master's degree in marketing from the University of Dhaka and another in business administration from the University of the West of Scotland.



Japan inflation eases

AFP, Tokyo

Japan's consumer price inflation eased to 3.1 percent year on year in July, in line with market expectations, government data showed Friday.

The figure for the world's third-largest economy, which excludes volatile fresh food prices, followed a 3.3 percent reading in June.

Stripping out fresh food and energy, Japan's prices rose 4.3 percent, data published by the

internal affairs ministry showed.

Friday's core consumer price index figure matched market expectations of 3.1 percent recorded in a Bloomberg survey. Prices for processed food, telecommunication costs and hotel rates rose while electricity bills declined.

Inflation in Japan has been less extreme than price hikes seen in other major economies such as the United States, which have been fuelled by the war in Ukraine and supply-chain disruptions.

India slaps 40% duty

FROM PAGE B1
Bangladesh imports onions from India to meet its domestic demand.

Yesterday locally grown onions were traded at Tk 80-Tk 85 per kilogramme, up 3.12 percent from Tk 75-Tk 85 per kg the week before, according to state-run Trading Corporation of Bangladesh (TCB).

Prices of imported onions remained steady at Tk 55-Tk 60

per kilogramme in the local market over the past week. But if the past month is considered, the price has gone up by 28 percent, showed the TCB data.

India's move is likely to impact onion prices in Bangladesh, said Dipankar Ghosh, organising secretary of the Clearing and Forwarding Agents Association in the border area of Bhowra.

Investment dries

FROM PAGE B1
"Sometimes, diesel is used but it is expensive."

NZ Tex is currently dyeing 1.25 lakh metres of yarn daily against its capacity of two lakh metres.

Zaman underscores the importance of a smooth supply of gas, saying a \$2 used to burn gas in the textile sector can generate revenues of \$38.

"So, if gas is not supplied adequately in the dyeing sector, garment export may witness a decline."

Monsoor Ahmed said setting up a dyeing unit would cost Tk 200 crore to Tk 250 crore a few years ago but now it requires Tk 500 crore to Tk 600 crore.

This is because dyeing units need modern effluent treatment plants

that are expensive and modern boilers, he said.

"It is really hard to come up with such a big investment plan at a time when gas supply is insufficient," said Mohammad Ali Khokon, president of the BTMA.

"Nobody wants to take the risk as the gas supply situation is not improving. Running boilers and generators with the current pressure of gas is not possible."

According to Khokon, under the current financial crunch, it is not possible to invest Tk 500 crore to set up a dyeing unit.

He warned that if adequate gas is not supplied to primary textile units, achieving the garment export target of \$100 billion by 2030 might not be possible.

Summer onion cultivation

FROM PAGE B1

As part of the initiative, her family has leased land in Birol upazila of the northwest district Dinajpur to cultivate onion on three acres this season.

"We expect to harvest the bulb in November, when the stock of winter onions at the farmers' end exhausts and prices remain higher," she added.

However, growing saplings of onions is challenging because of rainfall.

"It is tough. Rain has damaged a portion of my seedlings," she said.

Shahida also said the risk of heavy rainfall and flood are the two main challenges, but floods do not occur everywhere in the country.

Shailendra Nath Mozumder, principal scientific officer of the Bangladesh Agricultural Research Institute (BARI), said farmers were not habituated with onion cultivation earlier.

"Now, the major challenge is



seed shortage. Production can be increased if we can produce seeds and make those available to farmers," he said. "If we can do that, we can increase locally grown onion to address the supply shortfall during the lean period."

"We also need to boost production of winter onions," said the BARI scientist, adding that farmers would be eager to cultivate onions if they are ensured profitable prices.

"Their interest should be protected by hiking the import duty during harvesting season," he added.

Md Noor Alam Chowdhury, program director of the summer onion project at Spice Research Center, said there are many potential districts for summer onion cultivation, namely Meherpur, Chuadanga, Kushtia, Pabna and Dinajpur.

"We will train farmers and field level agricultural officials in those regions where summer onions grow well. We will also provide seeds to farmers," he added.

(Our Faridpur correspondent contributed to the story)

Ron Haque

FROM PAGE B1

Despite repeated attempts, The Daily Star could not reach National Bank Managing Director Md Mehmood Husain over phone or through text message.

After the death of National Bank Chairman Zainul Haque Sikder, his wife Monowara Sikder became the new chairman.

Their daughter Parveen Haque Sikder and two sons Rick Haque Sikder and Ron Haque Sikder were on the bank's board before the demise of Zainul Haque.

The bank is now facing several crises along with highest ever losses and high non-performing loans (NPLs).

The bank suffered losses of over Tk 3,200 crore in 2022 due to huge loan irregularities.

At the end of March this year, the bank's NPLs stood at Tk 7,774 crore, which is 18.35 percent of its total disbursed loans, as per the BB data.

The Bangladesh Bank has recently signed an agreement with the bank to improve its financial health.

Businesses laud pension scheme

FROM PAGE B1

For instance, if a company that had availed Progati falls in financial trouble or goes bankrupt, the government will automatically take over the responsibility of its employees under the UPS, he explained.

Till date only those in public service used to get pension after retirement but now private sector employees will also get the same benefit, he said.

The government has introduced the UPS to ensure social security of the private employees and general people, said Jashim Uddin, the immediate past president of the Federation of Bangladesh Chambers of Commerce and Industry.

"We as employers set aside amounts for provident fund and gratuity of employees in bank accounts. If any organisation enrolls

for the retirement benefit, the same amounts will automatically be channelled to the government for the UPS," he explained.

The UPS is apparently a good move towards ensuring an inclusive social safety net for people of all sections, said Asif Ibrahim, chairman of Chittagong Stock Exchange.

This Progati scheme aims at protecting over 70 million (private sector) people which is a shift from the conventional government pension scheme limited to the 1.4 million public servants, he said.

"Indeed, it will take some time to comment on whether it will be largely beneficial for the private sector or not," he noted.

However, Ibrahim pointed out some salient features.

The fund accumulating under

the UPS is expected to be invested in profitable schemes, ensure low-cost long-term financing for development projects and reduce public sector borrowing from banks, he said.

This, in turn, may help the private sector to grow further and get access to larger credit for investments, he said.

On the other hand, a huge number of private sector employees will get the guarantee of a pension and enhanced financial security after the end of their employment, he said.

"However, we feel that extensive transparency and good governance are essential for this timely scheme to run and flourish," he said.

The UPS is a good scope for the corporate sector to ensure welfare of its employees in partnership with the government, said Towfiqul Islam Khan, senior research fellow at the

Centre for Policy Dialogue.

He suggested that the government actively encourage the private sector to come under the Progati scheme.

However, the UPS funds will need to be invested in income generating activities in a professional manner for securing adequate returns and turn the UPS in to a sustainable and reasonably profitable venture, he said.

Otherwise, it will be a burden for the government, he noted.

Md Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry, said initially there could be challenges, such as differing perceptions, especially over how much it would truly benefit.

However, the chamber feels that with transparency and good governance, the UPS can make a difference with time, he said.

Pathao wants to establish digital bank

STAR BUSINESS REPORT

Pathao, Bangladesh's one of largest digital services company, has applied for a licence to set up a digital bank and extend banking services through its proposed Pathao Digital Bank.

The move comes at a time when a number of leading lenders of the country have also showed interest to establish digital banks.

"Pathao is far more than a brand, or a suite of products -- it is a lifestyle. Just as it has radically transformed urban transportation and the gig economy in Bangladesh, Pathao Digital Bank will reshape banking in Bangladesh," said Fahim Ahmed, managing director and CEO of Pathao.

"With this, we believe we can catalyse an important growth stage of the Bangladesh economy," he added.

The proposed Pathao Digital Bank is a natural progression of the company's mission to enhance the lives of its 10 million young consumers and 500,000 drivers, delivery agents and SME entrepreneurs in Bangladesh, the company said in a statement yesterday.

Bangladesh Bank in June this year invited application for setting up digital bank. It said investors willing to set up a digital bank will have to have a minimum paid-up capital of Tk 125 crore and the capital will have to come from sponsors.

The new entity must be a public limited company and the minimum stake of each sponsor will be Tk 50 lakh.

US accuses China firms of evading solar panel tariffs

AFP, Washington

Several Chinese manufacturers of solar panels have been shipping their products through third countries including Thailand and Vietnam to circumvent US tariffs, the Commerce Department announced Friday.

"Commerce found that five companies were attempting to avoid the payment of US duties by completing minor processing in third countries," the Commerce Department said in a statement.

It named the companies as BYD Hong Kong, New East Solar, Canadian Solar, Trina Solar and Vina Solar.

In 2022, the White House suspended tariffs for two years on solar panel imports from Cambodia, Malaysia, Thailand and Vietnam -- but not China -- in order to ensure the United States has access to the relevant parts to build up its domestic solar industry.

On Friday, the Commerce Department announced that "certain unexamined companies" were also found to be circumventing the White House order, and that three firms initially suspected of engaging in the practice were found not to be doing so.

The Commerce Department said its move "does not constitute a ban on imports" from Cambodia, Malaysia, Thailand and Vietnam, adding that the companies identified could still follow a process to certify that they were not circumventing the order.



Dates are seen growing from a rather short date palm tree in Swajanpur village under Phulbari upazila of Dinajpur. Zakir Hossain, a former expat, is leading the way in cultivating the fruit in his area by providing saplings to local growers. PHOTO: KONGKON KARMAKER

Former expat making it big from date cultivation

KONGKON KARMAKER

Zakir Hossain, a resident of Swajanpur village under Phulbari upazila of Dinajpur, has succeeded in cultivating date palm trees on his native soil, paving the way for other youths in the area to try their hand at farming the fruit.

Hossain began the venture in hopes of finding a good source of income after returning from Kuwait, where he worked at an automobile repair shop before opening one himself by investing Tk 40 lakh.

He now rarely finds the time to sit still these days, with around 300 saplings having been sold from his farm for about Tk 1,000 per piece.

Hossain informed that he had no interest in agriculture when he travelled to Kuwait as an expatriate worker back in 1999.

"But during my stay in Kuwait, I saw date trees all around, which encouraged me to learn about how to grow them," he said.

Eventually, Hossain collected 12 kilogrammes (kgs) of date seeds of different varieties, including Azwa, Maryam, Anbara and Matzel, which he brought back to Bangladesh in 2017.

It took Hossain around one-and-a-half years to grow the seeds into 19 saplings, which he planted on 20 decimals of land in his village before flying back to Kuwait in early 2019.

But just before the outbreak of Covid-19, Hossain returned

to Bangladesh in December later that year. He soon found that he could not return to Kuwait due to restrictions on cross-border movement amid a global lockdown aimed at preventing the spread of the deadly pathogen.

Hossain tried time and again to go back to Kuwait to run his business, but it ultimately fell prey to the coronavirus fallout.



"My garage was repossessed as I could not pay the rent and utility bills. So, I decided to turn my focus to agriculture," he said, adding that two of his 19 date trees finally flowered in February 2021.

And although the yield was negligible at first, Hossain kept up his efforts and now gets up to 300 kgs of dates from each of his four full grown trees.

However, Hossain only sells saplings grown from the seeds of his previous harvests.

During a visit to Hossain's orchard on Thursday, this correspondent found a variety of colourful dates on four trees of varying heights.

Zakir said each sapling starts flowering within four to five years of planting, with each tree growing to a maximum height of about 35 feet.

"The best fruit-yielding duration is 75 years," he added.

While pointing out how each date tree needs a decimal of land to grow properly, Hossain said the flowing period

Hossain is now preparing to expand his orchard with an additional two acres of land.

Bishwanath Roy, a resident of Bochaganj upazila in Dinajpur, collected 20 date saplings from Hossain while another youth from his village took 24 saplings.

The annual demand for dates in Bangladesh is around 90,000 metric tonnes.

The demand is met through imports from different countries, including Egypt, Iraq, Iran, Algeria, Sudan and Pakistan, according to data of the National Board of Revenue.

Demand is particularly high during Ramadan, which accounts for 50 percent of the annual imports.

And as date farming is not uncommon in the country, Hossain says a large portion of the annual demand could be met through local production if youths come forward to turn their land into date orchards.

KJM Abdul Awal, additional director of horticulture at the Department of Agricultural Extension, said the exotic middle eastern variety is cultivated on a total of around six hectares of land across Bangladesh.

"But it is still a fruit people in the country are passionate about. But as it is a fruit of the Mediterranean, cultivating it is not profitable commercially considering the high humidity in Bangladesh," he said.

"It is only profitable if it is sold before it becomes ripe," Awal added.

Unraveling capital flight from Bangladesh

MAMUN RASHID

Capital flight, a growing concern for Bangladesh over the past few decades, refers to the outflow of financial assets from a country. While usual outflow may also be foreign direct investment, the problem arises when the fund transferred from a country does not have proper documentation of source and there is no intend of repatriation of the fund. This leads to loss of government revenue and depletion of foreign currency reserves.

The budget for FY23 included provision for taxing assets outside of the country that are unaccounted for. While there is no official record of the amount of capital flight from Bangladesh, this decision of the government acknowledged the phenomenon.

The economic repercussions of capital flight are multifold. Firstly, it siphons off resources that could have been utilised for productive measures to improve education, healthcare or infrastructure within the country.

Capital flight also creates an exchange rate pressure, leading to inflationary pressures and increased cost of imports. Moreover, capital flight creates unfavourable conditions for innovation and domestic development, leading to professionals and students with great potential looking for opportunities abroad. Lastly, impact on foreign exchange creates a pressure on the government to resort to external borrowing.

There are a multitude of factors leading to capital flight from Bangladesh. Policy level instability, corruption, government issues and abrupt shifts in policies lead to investor apprehension. Lack of transparent business practices and enforcement of rule of law can lead to low investor confidence and lack of willingness to comply with law.

Another issue is the lack of economic diversification. Heavy reliance on RMG industries leaves the economy vulnerable to external pressures and shifting global demand. Cumbersome bureaucratic processes and regulatory hurdles also discourage investors seeking streamlined procedures and high ease of doing business.

These outflows are surpluses from some legal but mostly illegal maneuverings and therefore are not reutilised in domestic operations and in the interest of growing industries locally. Economists have pointed out that the illegal outflow of capital is used to acquire property abroad or in conspicuous luxury consumption. In other words, illicit financial outflows enable the extravagant enrichment of certain politically influential families and dishonest government officials at the expense of entire country.

Such illicit financial outflows are a clear sign of poor controls or more likely the lack of desire to enforce strong financial controls due to fear of exposing those culprits who are too powerful.

There has been a lot of research on what happens to national economic development when rampant corruption is allowed through illicit financial flows. It is, therefore, hugely concerning that our own authorities and policy makers do not appear to be fully aware of or admit to the impact that illicit financial outflows have had on Bangladesh.

Alternatively, if this is not ignorance or misunderstanding, then it points to deliberate collusion between corrupt public officials with private business interests and the political establishment to trivialise and dismiss what are massive financial crimes.

It is high time Bangladesh implemented strong measures for mitigating capital flight. First and foremost, proper anti-corruption measures and their implementation are required.

Development of infrastructure, improvement in transport network and energy availability is a must to attract investments. Moreover, investor-friendly policies and regulations are required to reduce bureaucracy and streamline procedures to increase the ease of doing business.

Lastly, the economy needs to diversify with increased focus on development of new products and entering new markets.

The writer is an economic analyst



China oil buying frenzy cools

REUTERS, Singapore/London

China, the world's top crude importer, is drawing on record inventories amassed earlier this year as refiners scale back purchases after Opec+ supply cuts drove global prices above \$80 a barrel, traders and analysts said.

Chinese refiners, led by Sinopec and PetroChina, have built a supply buffer using massive storage capacity constructed over the past decade that gave buyers flexibility to boost purchases when prices are low and cut back when oil becomes expensive.

Its ability to draw on vast stocks could undermine efforts by major producers, led by Opec kingpin Saudi Arabia, to tighten supply and support prices, analysts said.

Tepid Chinese demand could weigh further on oil prices, with benchmark Brent having fallen 4 percent from a six-month high of \$87.55 in early August, weighed down by worries over China's weakening economy.

China's crude stocks have been rising since March, touching a historical high of about 1 billion barrels in late July, data compiled by data analytic firms Kpler and Vortexa showed, driven by lower prices and optimism about a fuel demand recovery after Covid-19 lockdown measures were lifted late last year, traders said.

Kpler and Vortexa data showed there were some draw outs in the first quarter.

Over the first seven months, China's crude oil throughput was 14.69 million barrels per day (bpd), lower than the combined of 11.22 million bpd of imports and 4.21 million bpd of domestic crude output.

However, demand has disappointed, leading refiners to build up crude inventories and ramp up fuel exports.

READ MORE ON B2

Asia's refiners face profit crunch

REUTERS, Singapore

Asian refiners are on the hunt for crude oil to replace Kuwaiti supply as the Opec producer cuts exports by nearly a fifth to feed its huge new refinery, which is driving up prices for other sour crudes and likely to squeeze profit margins.

Lower Kuwaiti exports follow cuts from Opec kingpin Saudi Arabia that have pushed Brent prices close to \$90 a barrel and left little wriggle room for Asia's refiners, reliant on the Middle East for more than two-thirds of crude imports.

Chinese refiners, which have invested heavily in new plants designed to process sour oil, are especially exposed.

Discounted oil from Russia has eased some of the pain, replacing some Kuwaiti supply, largely to China and India. But most of Kuwait's customers will have to pay up for similar quality oil from other suppliers such as Saudi Arabia, Iraq and the United Arab Emirates or buy more expensive sweet grades from other regions.

"Saudi Arabia and the UAE are the top contenders for filling the supply gap in the Middle East due to their production and export of medium sour barrels," said Janiv Shah, an analyst at consultancy Rystad Energy.

"It is improbable that they will be able to entirely meet the demand."

Sustained output cuts from Opec producers and their allies and new refining capacity designed to process sour crude could lead to tight supply until the end of 2024, Energy Aspects analyst Sun Jianan said.

Kuwait's crude shipments shrank by

about 10 percent to 1.61 million barrels per day (bpd) in January-July from the same period in 2022 as its Al Zour refinery ramped up, according to Kpler data.

Exports to Taiwan, China and India dropped more than 17 percent during the same period, while volumes for Pakistan, the Philippines and Thailand fell to zero, the data showed.



The photo shows a crude distillation unit of the KNPC, a subsidiary of Kuwait Petroleum Corporation, at the Mina Abdullah Refinery in Fahaheel. PHOTO: AFP/FILE