

LankaBangla Finance assumes PLC suffix

STAR BUSINESS REPORT

LankaBangla Finance Ltd has changed its name to LankaBangla Finance PLC, according to a Bangladesh Bank notice yesterday.

It came after the central bank, in May, directed non-bank financial institutions (NBFIs) to complete legal procedures in order to replace their company suffix “Limited” with PLC.

In Bangladesh, companies are switching to the PLC (Public Limited Company) suffix in order to comply with the amended Company Act 1994. The amendment was made in 2020.

A PLC is a public company and is the equivalent of a US publicly traded company that carries the Inc. or corporation designation.

The use of the PLC abbreviation after the name of a company communicates to investors and to anyone dealing with the company that it is a publicly traded corporation.

Currently, 35 NBFIs are operating in Bangladesh. Of them, two are fully government-owned, one is the subsidiary of a state-run commercial bank, 19 were initiated by private domestic initiative, and 13 were initiated by joint venture initiative.

In February, the central bank gave permission to banks to complete legal procedures to add PLC as a suffix.

Oil steadies

REUTERS, London

Oil prices were little changed on Tuesday as investors remained downbeat on China's economic malaise hobbling demand from the world's top crude importer, limiting the impact of supply cuts.

Brent crude was down 29 cents at \$84.17 a barrel by 1014 GMT, while the more active US West Texas Intermediate October contract slipped 22 cents to \$79.90 a barrel.

The front-month WTI contract that expires shortly was down 4 cents at \$80.68 a barrel on a very limited volume of trades.

China, the world's second-largest economy, is seen as key to shoring up oil demand over the rest of the year. But the country's sluggish economic activity has frustrated markets after a post-Covid reopening boost, while authorities' pledges to aid recovery have so far fallen short of expectations, including a smaller-than-expected cut in a key lending benchmark on Monday.

S&P downgrades multiple US banks

REUTERS

S&P Global on Monday cut credit ratings and revised its outlook for multiple US banks, following a similar move by Moody's, warning that funding risks and weaker profitability will likely test the sector's credit strength.

S&P downgraded the ratings of Associated Banc Corp and Valley National Bancorp on funding risks and a higher reliance on brokered deposits.

It also downgraded UMB Financial Corp, Comerica Bank and Keycorp, citing large deposit outflows and prevailing higher interest rates.

A sharp rise in interest rates is weighing on many US banks' funding and liquidity, S&P said in a summarised note, adding that deposits held by Federal Deposit Insurance Corp (FDIC)-insured banks will continue to decline as long as the Federal Reserve is “quantitatively tightening.”

The rating agency also downgraded the outlook of S&T Bank and River City Bank to negative from stable on high commercial real estate (CRE) exposure among other factors.

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

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



In 2000-21 fiscal year, 69 lakh tonnes of sugarcane had been produced on some 4.21 lakh acres of land in the country, according to Bangladesh Bureau of Statistics.

PHOTO: STAR/FILE

New sugarcane prices perk up farmers

Cultivation may rise; Sugar corporation to buy 600,000 tonnes of canes

HUMAYUN KABIR TOPU and QUAMRUL ISLAM RUBAIYAT

The government has refixed prices at which it would buy sugarcane from farmers, raising hopes that it would encourage an increase in the crop's cultivation across the country.

On failing to gain profits as per expectations, farmers have been gradually giving up sugarcane cultivation across the country, resulting in a fall in production, said sources.

In fiscal year 2000-21, 69 lakh tonnes of sugarcane had been produced on some 4.21 lakh acres of land, according to the Bangladesh Bureau of Statistics.

In fiscal year 2012-13, it dropped to 44.68 lakh tonnes on 2.69 lakh acres.

Afterwards, it came down substantially, to 30.87 lakh tonnes on 1.78 lakh acres.

Taking this into consideration, the Ministry of Industries has started purchasing sugarcane at a 22 percent higher price from the harvesting season of fiscal year 2023-24.

The price will be increased by a further 9 percent in the following year.

The order on the price refixation was issued on August 10 by Afroza Begum Parul, senior assistant secretary to the Bangladesh Sugar and Food Industries Corporation (BSFIC) under the Ministry of Industries, as per official sources.

According to the new order, the price of each quintal (100 kilogrammes) of sugarcane has



PHOTO: QUAMRUL ISLAM RUBAIYAT

been refixed at Tk 550 if the farmer bring it to the mill gate, effective from the harvesting season of fiscal year 2023-24.

Previously it was Tk 450. For purchases away from the mill gate, the price has been refixed at Tk 540 from Tk 440.

From the harvesting season of fiscal year 2024-25, the prices will be raised to Tk 600 and Tk 587 respectively.

The new sugarcane prices have brought happiness among farmers and production will increase across the country, Shajahan Ali Badsha, secretary to Bangladesh Sugarcane Farmers' Federation, told The Daily Star.

“Farmers have lost interest in sugarcane cultivation over the last couple of years due to poor prices offered for the money earning crop,” he said.

The mill was shut down, ending an easy sales facility for farmers in this region,” he added.

Md Amzad Malitha, a farmer of Ishwardi upazila in Pabna who used to produce some of the biggest volumes of sugarcane, said he had stopped cultivating the crop over the last couple of years and had now switched to cultivating vegetables.

“Sugarcane occupies the land for 12 months to 14 months before it can be harvested. Three other types of crops could have been harvested taking the same amount of time,” he said.

“Due to a lack of profit, I stopped cultivating sugarcane. But the new price could bring new opportunities,” Amzad added.

According to the BSFIC, sugar production at the state-run mills has fallen over the last couple years due to a lack of sugarcane in the crushing period.

The corporation produced 21,314 tonnes of sugar in fiscal year 2022-23, down 13 percent from the same period a year ago. It had a target to produce nearly 53,000 tonnes of sugar last fiscal year.

“Sugarcane is called an insurance crop as its price is fixed by the government and so there is no scope of a price fall. Even droughts, rains and storms can do no harm,” said Badsha of the farmers' association.

“The government has refixed sugarcane prices for the sake of farmers, so the farmers are likely to again take up sugarcane cultivation soon,” he added.

READ MORE ON B2

Empowering Bangladesh's digital future

AHM HASINUL QUDDUS RUSHO

In recent years, Bangladesh has experienced a remarkable transformation in its digital landscape, with the proliferation of e-commerce platforms playing a pivotal role. These platforms not only facilitate online buying and selling but have also emerged as powerful vehicles for providing digital financial services, fostering financial inclusion and uplifting communities.

Micro, small, and medium enterprises (MSMEs) are the lifeblood of Bangladesh's economy, comprising 90 percent of sellers on various e-commerce platforms. However, one of the longstanding challenges faced by these entities has been limited access to financing. Traditional banking systems often require extensive documentation, collateral and a lengthy approval process, making it difficult for these businesses to secure the capital they need to expand and thrive.

E-commerce companies can step in to bridge this gap. By integrating digital banking services into their platforms, they can offer swift and streamlined access to loans and credit facilities for MSMEs. Leveraging the vast amount of transaction data generated on their platforms, e-commerce companies can assess the creditworthiness of sellers more accurately and offer tailored financial solutions. This will empower these businesses to grow and bolster the overall economic landscape by fostering innovation and job creation.

One of Bangladesh's rich cultural assets lies in its traditional crafts and skilled artisans. E-commerce platforms have recognised the potential of these artisans to contribute not only to the economy but also to the preservation of cultural heritage.

The digital marketplace can provide easy access to finances for these artisans at low-interest rates coupled with other benefits, facilitate the preservation of their livelihood, enable them to reach a global audience and find a market for their products beyond their immediate vicinity.

Bangladesh's geographical diversity presents a unique challenge when it comes to extending banking services to every corner of the country. Many rural and remote areas lack physical bank branches, making it challenging for residents to access basic financial services. E-commerce companies can emerge as a solution to this challenge by bringing digital banking services to underserved regions.

Through the integration of digital banking services, e-commerce platforms can enable individuals in remote areas to open digital bank accounts, conduct transactions, and access a range of financial services using their smartphones. This will enhance financial inclusion and empower such individuals to participate more actively in the economy.

E-commerce companies are not just platforms for buying and selling goods; they are driving forces behind the nation's digital transformation. Digital commerce entities already harbour a range of technologies that integrate digitalisation into their everyday operations.

Through the advent of digital banking into the digital commerce landscape, e-commerce companies can leverage their pre-existing tech prowess and bolster digital banking services.

The introduction of resources such as robust security systems and protocols, digital management of finances, smart saving schemes, and buy-now-pay-later services will help the country achieve the vision of Smart Bangladesh by 2041.

As Bangladesh continues to embrace the digital age, the synergy between e-commerce and digital banking is poised to reshape the economic landscape. However, it is imperative to assign such responsibilities to credible e-commerce companies with both financial and technical expertise and long-term business repute.

Such companies can play a pivotal role in shaping a brighter and more prosperous future for the nation by promoting entrepreneurship, preserving our cultural heritage and facilitating financial inclusion.

The author is chief corporate affairs officer of Daraz Bangladesh Limited



India has no plan to restrict parboiled rice exports: official

REUTERS, Mumbai

India is not considering imposing any restrictions on exports of non-basmati parboiled rice, Food Secretary Sanjeev Chopra said on Tuesday.

Last month, India surprised buyers by imposing a ban on the export of widely consumed non-basmati white rice, following a ban on broken rice exports last year.

“There is no proposal as of now to restrict parboiled rice exports,” Chopra said in response to questions about whether India was considering imposing an export tax or introducing a floor price for parboiled rice exports.

Currently, there are no restrictions on the exports of parboiled rice, which constitutes nearly a third of India's total rice exports.

India's rice stocks were at nearly three times its target at the start of August.

“The government has surplus stocks, the open market has surplus stocks, and the new crop will start arriving

within two months,” said Prem Garg, president of the Indian Rice Exporters Federation. “Rice supplies are more than comfortable.”

Indian farmers, who typically start planting rice in the rainy months of June and July, will start harvesting the new season crop from October.



A woman cleans rice grains at a wholesale market in Navi Mumbai.

PHOTO: REUTERS

During the marketing year beginning Oct. 1, the government plans to buy 52.1 million tons of new season rice from farmers against 49.5 million tons a year earlier, Chopra said.

Chopra also said there is no proposal as of now to import wheat from Russia via diplomatic deals.

Last week government sources told Reuters that 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.

Wheat stocks at government warehouses were at 28.3 million tons on August 1, 20 percent below the 10-year average.

Separately, Chopra said the government would also allow mills to sell an extra 200,000 tons of sugar in August. The government earlier allowed mills to sell 2.33 million tons of sugar in the open market this month.

Every month, the federal government fixes the quantity each mill can sell in the open market.