

No more online training for insurance agents: Idra

STAR BUSINESS REPORT

The country's life and non-life insurance companies will no longer be able to conduct online training programmes for agents, the insurance regulator said in a circular yesterday.

In addition, the insurers will have to conduct the trainings by quality trainers and maintain a list of trainers.

The insurance companies will also have to take prior approval from the Insurance Development and Regulatory Authority (Idra) to conduct any training for the agents, according to the circular.

The title, duration and training schedule, location, number of trainees and evaluation method of the training course should be sent to the Idra at least seven workdays before the start of the training to take prior approval, the Idra said.

The instructions have been issued to insurance companies to ensure transparency and quality in conducting mandatory training programmes for insurance agents, it said.

Bangladesh has 81 insurance companies, of which 35 companies deal with life insurance and 46 non-life.

German business activity slumps

REUTERS, Berlin

German business activity contracted at the fastest pace for more than three years in August, a preliminary survey showed on Wednesday.

The HCOB German Flash Composite Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 44.7 from July's 48.5, hitting its lowest since May 2020 and confounding analysts' expectations for a reading of 48.3.

The indicator was below the 50 level denoting growth in activity for the second consecutive month.

The composite PMI index tracks the services and manufacturing sectors, which together account for more than two-thirds of Germany's economy.



A hawker goes round selling mats in villages in Baje Fulchhari Char in Fulchhari upazila, some 20 kilometres away from Gaibandha district headquarters. The photo was taken recently.

PHOTO: MOSTAFA SHABUI

EBL, Pran sign interest swap deal

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Eastern Bank Ltd (EBL) and leading agro-processor Pran Agro Ltd yesterday closed the country's first local currency interest rate swap (IRS) deal, a financial instrument for managing interest rate volatility.

Unlike conventional loans, IRS involves no upfront capital transfer but rather orchestrates the exchange of fixed and floating rate payments at periodic intervals. This strategic tool allows entities to hedge against potential risks and fluctuations in interest rates.

Under the deal, the EBL will pay Pran at fixed 7 percent while Pran will pay EBL based on an interbank repo (IBR) rate every quarter for a year, the bank said in a statement. The Bangladesh Bank publishes the IBR rate daily and the first quarter average was 6.37 percent.

Pran will make more profit if the IBR falls or stays below 7 percent and will incur losses from the transaction if the IBR rate exceeds 7 percent consistently.

This is the first time that the risk from swaps will be fully managed locally in a Bangladeshi bank through the use of government treasuries

and repos, officials of the bank said.

"The successful execution of Bangladesh's first local currency interest rate swap is a great tool to reduce interest rate risk," said Ali Reza Iftekhar, managing director and CEO of EBL.

Under the deal, EBL will pay Pran at fixed 7 percent while Pran will pay EBL based on an interbank repo (IBR) rate every quarter for a year

He said EBL is proud to collaborate with Pran Agro Ltd in this endeavour and the bank is confident that this pioneering step will pave the way for further growth.

The EBL CEO spoke at a programme organised at the bank's headquarters in Dhaka.

The execution of the deal required extensive regulatory engagement with four departments of Bangladesh Bank, starting from November 2021 and finally getting

the approval on February this year, said an official of EBL.

Through this groundbreaking initiative, Pran Agro has effectively minimised the inherent interest rate risk associated with its manufacturing profits, the bank said in the statement.

"Furthermore, the company has realised tangible benefits with a favourable payment received during the initial quarter of this arrangement."

The landmark development highlights the immense potential of interest rate swaps in enhancing financial resilience and bolstering economic growth, it read.

Interest rate swaps are integral tools used across the globe, from developed economies to emerging markets, including India, where daily trading volumes of around 30,000 crore rupees, the EBL said.

With Bangladesh now a \$460 billion economy, the prospects for fostering a vibrant swaps industry are immense, said Mohammad Shahriar Siddiqui, director of the banking regulation and policy department at the Bangladesh Bank.

Uzma Chowdhury, a director of Pran- RFL Group, also attended the event.

UK economy on course to shrink

REUTERS, London

Britain's economy looks on course to shrink during the current quarter and risks falling into a recession, as a survey on Wednesday showed a slump in factory output and broader weakness in the face of higher interest rates.

The S&P Global/CIPS composite Purchasing Managers' Index (PMI) tumbled to 47.9 in August from 50.8 in July, according to a preliminary estimate which was below all forecasts in a Reuters poll of economists.

The reading was the lowest since January 2021, when Britain was in a Covid-19 lockdown, and the first fall below the 50 level which divides growth from contraction since

January this year.

Britain's economy - struggling with high inflation as well as the after-effects of the coronavirus pandemic and Brexit - last shrank in the third quarter of 2022, when many businesses closed to mark Queen Elizabeth's funeral. Since then it has defied widespread forecasts of recession but has grown slowly.

Chris Williamson, chief business economist at S&P Global Market Intelligence, said the PMI pointed to a 0.2 percent fall in overall economic output during the three months to the end of September.

"The fight against inflation is carrying a heavy cost in terms of heightened recession risks," he said.

Unscrupulous traders

FROM PAGE B1
procedures, multiple intermediaries in supply chains, and the production of counterfeit products by unscrupulous businessmen.

"Customs clearance process needs to be faster to reduce the cost of doing business," Sattar said.

The business leader said the capacity of Bangladesh Standards and Testing Institution needs to be enhanced.

He emphasised coordination among the Bangladesh Trade and Tariff Commission, the Bangladesh Competition Commission and the National Board of Revenue.

"Strict monitoring is needed to minimise price variation for similar products," he said, calling for proper coordination between businesses and government agencies.

Dhaka North City Corporation Mayor Atiqul Islam said the focus on market monitoring should be strong and collaboration among all

stakeholders is a must.

He urged the government to end the harassment facing the business community.

Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry, said if anyone creates an artificial crisis and contributes to inflating prices, he or she should be brought to justice.

AHM Shafiquezaman, director-general of the Directorate of National Consumers Right Protection, sought help from honest businessmen to stand against dishonest traders who try to create an artificial crisis in the market.

Bellal Hossain Sheikh, director for administration and accounting at the Department of Labour, said there is no alternative to maintaining good relations with industries in order to implement labour laws.

Consumers Association of Bangladesh Treasurer Md Monjur-e-Khoda Tarafdar also spoke.

Export gains limited

FROM PAGE B1

Bangladesh enjoys duty-free market access for most of its products in India, China and South Korea.

"As Bangladesh is set to graduate from the LDC group, we need to change our approach to getting market access without reciprocity. Rather, we need to give concessions to other countries to ink trade and investment agreements with them as well as blocs such as Regional Comprehensive Economic Partnership," said Khan.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the role of the regional trading agreements signed by Bangladesh is insignificant.

"The country is mainly benefiting as an LDC."

The government is in talks to sign a Comprehensive Economic Partnership Agreement with India and Japan.

Moazzem thinks it is vital for

Bangladesh to start negotiations as soon as possible as the country will not get duty-free benefits in the Safta and Apta member countries after the LDC graduation in 2026.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the progress aimed at inking trade deals has been sluggish so far although it takes several years to complete negotiations.

"Bangladesh is yet to start negotiations. It appears that we have not taken the issue of free trade agreement seriously," he said, adding that Bangladesh also needs to open its market for others to strike trade pacts.

"We need to come out of the LDC mentality of receiving tariff benefits only."

AHM Ahsan, vice-chairman of the EPB, acknowledges that exports have not increased to the countries with

whom Bangladesh has struck trading agreements.

"But shipments might have grown at a slower pace if we had no preferential trade agreements."

He said not all member countries of the OIC have ratified the TPS and the product coverage under the D-8 is small.

"Our export basket is also narrow. So, we have not been able to reap the full benefit of trading agreements."

Turkey is a big market for jute goods. However, the export of jute goods to the country is suffering as a section of buyers have shifted to alternative yarn after the spike in prices of raw jute in Bangladesh, he added.

According to Ahsan, Bangladesh is benefiting from the Apta as exports to South Korea are growing.

"The government is preparing strategies to overcome the challenges that might appear following the LDC graduation."

director of the Policy Research Institute, said there is nothing to be gained from BRICS now as it is still a political platform.

"Still, it is better to have a warm relationship with such major global economies."

Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, also sees no immediate benefit from joining BRICS if the country's membership is approved.

But joining the bloc would increase the investment flow in the next three to five years as its members are major economies of the world, he added.

"Bangladesh would benefit if the BRICS members sign full-fledged free trade agreements among themselves in the future."

However, signing FTAs among the members is extremely difficult and time-consuming, he added.

India set to ban sugar exports

REUTERS, Mumbai/New Delhi

India is expected to ban mills from exporting sugar in the next season beginning October, halting shipments for the first time in seven years, as a lack of rain has cut cane yields, three government sources said.

India's absence from the world market would be likely to increase benchmark prices in New York and London that are already trading around multi-year highs, triggering fears of further inflation on global food markets.

"Our primary focus is to fulfil local sugar requirements and produce ethanol from surplus sugarcane," said a government source who asked not to be named in line with official rules. "For the upcoming season, we will not have enough sugar to allocate for export quotas."

India allowed mills to export only 6.1 million tonnes of sugar during the current season to September 30, after letting them sell a record 11.1 million tonnes last season.

India's absence from the world market may increase benchmark prices in New York and London

In 2016, India imposed a 20 percent tax on sugar exports to curb overseas sales.

Monsoon rains in the top cane growing districts of the western state of Maharashtra and the southern state of Karnataka - which together account for more than half of India's total sugar output - have been as much as 50 percent below average so far this year, weather department data showed.

Patchy rains would cut sugar output in the 2023/24 season and even reduce planting for the 2024/25 season, an industry official, who declined to be named, said. Local sugar prices jumped this week to their highest level in nearly two years, prompting the government to allow mills to sell an extra 200,000 tonnes in August.

"Food inflation is a concern. The recent increase in sugar prices eliminates any possibility of exports," said another government source.

STOCKS		
DSEX ▲	CASPI ▲	
0.20%	0.08%	
6,275.75	18,561.33	

COMMODITIES		
Gold ▲	Oil ▼	
\$1,901.71	\$78.68	
(per ounce)	(per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.33%	▲ 0.48%	▲ 0.45%	▼ 1.34%	
65,433.30	32,010.26	3,174.18	3,078.40	

FBCCI chief wants FTA

FROM PAGE B1

the country, made the call at a meeting with US Embassy's Commercial Counselor John Fay at the FBCCI office in Dhaka.

The USA is the single largest export destination of Bangladesh and this is the right time for signing an FTA between the two nations in order to take advantage of the supply chains for enhanced mutual benefit, Alam said in a statement of the FBCCI.

The FBCCI is hopeful of building a diversified portfolio in trade relations with the USA in the days to come, he added.

The president of the apex trade body also wants to launch a platform for networking and business contacts and to arrange meetings and trade fairs for the Bangladeshi and American entrepreneurs to strengthen trade cooperation.

Bangladesh's main export items to the USA are woven garments, knitwear, home textile, footwear, leather, agriculture and frozen foods.

Khairuzzaman new finance secretary

FROM PAGE B1

additional secretary at the finance ministry.

Fatima, the country's first female finance secretary, is scheduled to leave her current position at the finance ministry to join the ADB this month. This will be the first instance a Bangladeshi finance secretary is set to join a high-ranking position at the development lender.

She will be responsible for management of the newly created Sectors Group and the Climate Change and Sustainable Development Department under ADB's new operating model.

Md Nurul Alam, a former additional secretary of the power division, has been made the new secretary of the energy division.