

## Canada posts surprise GDP decline

AFP, Ottawa

Canada's economy saw an unexpected 0.2 percent annualized decline in the second quarter, government data showed Friday, as housing investment and consumption slowed.

Statistics Canada said the economic slowdown was "attributable to continued declines in housing investment, smaller inventory accumulation, as well as slower international exports and household spending."

It was significantly lower than the Bank of Canada's forecast of 1.5 percent growth and analysts' consensus around 1.2 percent growth.



Md Mahub ur Rahman, centre, chief executive officer of HSBC Bangladesh, attends a press conference on the "3rd HSBC Business Excellence Awards" at the Pan Pacific Sonargaon Dhaka yesterday. PHOTO: HSBC BANGLADESH

## Third edition of HSBC Business Excellence Awards launched

STAR BUSINESS REPORT

HSBC has launched a third edition of "HSBC Business Excellence Awards" to honour business entities and entrepreneurs for their contribution in the sustainable economic growth of Bangladesh.

With the theme "Bangladesh: Proudly Resilient, Globally Excellent", this year's awards will be conferred in eight categories, HSBC officials said in a press conference at Pan Pacific Sonargaon Dhaka yesterday.

The categories include ones for garment units with an annual export turnover of \$50 million and above, supply chain and backward linkage companies with an annual export turnover of \$10 million and non-traditional and emerging sector entities with a turnover of \$3 million and above.

There are also ones for companies providing import substitutes of \$10 million and above, drawing foreign investment in the form of capital and technology, excelling in sustainability and making use of top innovations and technology.

Besides, the global lender will also recognise individuals or organisations for special contributions to the country's socioeconomic growth, excellence in innovation, job creation and supporting the community.

## Bangladesh can export \$6b RMG made from recycled yarn

Experts say at a seminar

STAR BUSINESS REPORT

Bangladesh can export \$6 billion worth of garment items if it can locally process the 400,000 tonnes of recycled yarn and fabrics the local garment makers produce every year, experts said today.

They shared the data at a seminar on "Switch to upstream circularity dialogue: pre-consumer textile waste in Bangladesh" held at the Amari Hotel in Dhaka.

Garment exporters, researchers and senior government officials also attended the event organised under the Switch to Circular Economy Value Chains project (SWITCH2CE) in collaboration with Chatham House, Circle Economy and European Investment Bank.

At the event, the apparel manufacturers also want a ban on export of clothing wastages.

The exporters said they want to make garments from the wastes as the European nations—the major markets for Bangladesh—are making a law for importing apparels made from recycled yarn.

The recycled yarn and fabrics will create the next opportunity for Bangladesh as the international retailers and brands are preferring clothing items made from recycled yarn, said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Moreover, making of garment items from recycled yarn will also help Bangladesh in obtaining the GSP Plus facility in the European Union (EU) as those garment items would be made following their guidelines, he said.

M Masrur Reaz, chairman of Policy Exchange Bangladesh, stressed the need for taking a holistic vision, which provides direction, clarity and stance of the country in terms of circularity for utilising the new opportunity.

Vidya Amrit Khan, director of the BGMEA, said the circularity is going to be new normal of the garment industry to address the issues about sustainability, traceability and climate change.

Saber Hossain Chowdhury, chair of the parliamentary standing committee on the ministry of environment, forest and climate change and special envoy to the prime minister for climate change; Bernd Spanier, deputy head of mission of the delegation of European Union to Bangladesh; Mark Draeck, chief technical adviser on SWITCH2CE at UNIDO, and Holly Syrett, director of impact programmes and sustainability at Global Fashion Agenda, also spoke.

## Change attitude towards lending to SMEs

### Industries minister tells banks, financial institutions

STAR BUSINESS REPORT

Banks and non-bank financial institutions should change their attitude towards lending to small and medium enterprises (SMEs) and ease access to finance, Industries Minister Nurul Majid Mahmud Humayun said yesterday.

"We are now giving more importance to big and influential businesses. But they don't repay. They just gobble up the money," the minister opined while speaking as the chief guest at the closing ceremony of the National Policy Dialogue on Priorities for SME Development in Bangladesh.

The SME Foundation, in association with International Labour Organization (ILO) Bangladesh, organised the event at Parjatan Bhaban in the capital's Agargaon.

Humayun said that providing small entrepreneurs with access to finance would pay off immensely as they could contribute to the economy in every corner of the country. "They will never run away after taking money. Rather, businesses from Gulshan and Banani are capable of flying after taking money," the minister added.

At the event, Nazim Hasan Sattar, general manager of the SME Foundation, and Gunjan Dallakot, ILO's SME development specialist in Bangladesh, jointly presented the keynote paper.

"There are many policies from different agencies, often uncoordinated and overlapping in Bangladesh," said Sattar.

While policy implementation remains an issue, he reminded that there was no single policy covering entire cottage, micro, small and medium enterprises (CMSME) in the country. "There is a general lack of concrete policy action to promote SMEs' productivity, competitiveness and market access, including in the export markets," he added.

The government should also look into alternative financing sources like equity investment, blended financial products and convertibles, Dallakot said. He further added that the scope and coverage of digital financial services in the country needed to be expanded.

"Credit rating agencies, monitoring mechanisms and tracking systems need to be developed to complement access to finance initiatives," he added. Dallakot also suggested developing a mechanism for low-cost and accessible standards and quality certification for CMSMEs' products and services in line with international standards.

Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry, questioned why women entrepreneurs were asked to show a guarantor while taking loans. "The lending process should be eased for women entrepreneurs to help them contribute to the economy," said Alam.

However, he urged coordination among ministries such as the finance and commerce ministries to ease the cost of doing business.

Among others, Md Ehsan E Elahi, secretary at the Ministry of Labour and Employment, Toumo Poutiainen, country director of ILO's Bangladesh Office, and Md Mafizur Rahman, managing director of the SME Foundation, also spoke at the event. Prof Md Masudur Rahman, chairperson of the SME Foundation, presided over the event.

**With the theme "Bangladesh: Proudly Resilient, Globally Excellent", this year's awards will be conferred in eight categories, HSBC officials said.**

The commerce ministry and the British high commission in Dhaka are partners of the programme.

A jury board comprising representatives from the HSBC, the ministry and the high commission will finalise the awardees based on annual contribution to the national exports and economy, diversity, responsibility, sustainable business practices, governance strengths, regulatory compliance etc.

The nomination forms and other details of the programme are now available at HSBC's Bangladesh website and the nomination phase will remain open until October 1 this year.

"We are delighted to be recognising the exceptional businesses," Md Mahub ur Rahman, chief executive officer of HSBC Bangladesh, told yesterday's press conference.

They have contributed to Bangladesh's trade growth, fulfilled domestic demand or facilitated development of infrastructure as Bangladesh prepares to thrive in a post-LDC graduation scenario, he said.

"Through these awards, we recognise the achievements of the country's most successful enterprises and entrepreneurs and recognise their relentless efforts to make Bangladesh's mark in the global arena," said Gerard Haughey, country head of wholesale banking at HSBC Bangladesh.

Talukdar Noman Anwar, country head for communications at HSBC Bangladesh, shared rules and regulations of the programme.



The Nepal government said in its budget statement presented on May 29 that inflation was gradually moderating, but it remains above the desired limit. PHOTO: THE KATHMANDU POST

## Nepalis hit by rising prices

ANN/THE KATHMANDU POST

While a series of measures by India to tighten food, exports has pushed up local prices, the government is making life harder for Nepalis by increasing taxes on food, say analysts.

After India ordered a ban on exports of non-basmati rice on July 20, the price of rice shot up by Rs200 to Rs400 per 20-kg bag. Coming just ahead of the autumn festival season, it is a big blow to Nepali consumers.

India issued the embargo in response to rising food prices, high inflation and fear of rice shortages due to El Nino disruptions as the country heads into the festive season and elections.

Nepalis had barely recovered from the shock when India slapped a 40 percent export duty on onion on August 19. The spicy bulb suddenly became scarce in domestic markets.

Onion is indispensable to South Asian cooking, and India is the world's largest exporter. According to insiders, the customs duty is intended to stem exports to neighbouring countries and cool inflation in vegetable products.

India's neighbours will have to live with higher prices of onions because of the steep export duty till December 31.

And on Friday, India imposed a 20 percent export duty on parboiled rice with immediate effect. Experts say the move could further reduce shipments by the world's largest exporter and lift global rice prices, which are already close to 12-year highs.

India extended a ban on wheat exports after curbing rice shipments in September 2022. The southern neighbour has also capped sugar exports this year as cane yields dropped.

As if costlier food from India was not enough, the Nepal government has been finding new ways to tax its inflation-stricken citizens.

No value-added tax can be levied on potatoes, onions and other daily consumable farm products as per the Value Added Tax Act of 1996. But that was a minor hurdle for the government which promptly amended the law through the Financial Bill 2023, and removed 170 goods from the tax-free list.

So, the new fiscal year began with 13 percent VAT on vegetables and other food items on top of the 9 percent agriculture service charge and 1.5 percent advance tax for a total of 23.5 percent in taxes.

The Financial Bill has imposed 13 percent VAT on imported onions, potatoes, garlic, peas, frozen green leafy vegetables, collard greens, beans, spinach, sweet corn and other green vegetables.

"The government's tax policy shows that Nepal is not a welfare state," said Nara Bahadur Thapa, former executive director of Nepal Rastra Bank.

"If consumer interests were a top priority, no taxes would be imposed on food items. This is a totally wrong strategy."

## Govt names

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Bagerhat and Ruhita of Patharghata at Barguna.

And the lower part of the spawning ground is the point adjacent to Pokkhir char of Sarankhola in Bagerhat; Lebur Bagan of Latachapali union of Kalapara, Patuakhali, said the notification published yesterday.

A senior official of the fisheries ministry said hilsa fish migrate from the sea through the Boleswar river that passes through these districts. This is why the area has been declared as a spawning ground to increase production of the fish.

The government earlier declared a hilsa spawning ground covering nearly 7,000 square kilometres involving Mayani point of Mirsharai in Chattogram, Paschim Syed Awlia point in Bhola, and the north Kutubdia, Cox's Bazar and Lata Chapati point at Kalapara in Patuakhali.

Accordingly, in order to increase production of the fish, the government usually bans hilsa catching for 22 days during the peak spawning period in October.

In its notification, the fisheries ministry said it would remain open for receiving opinions or objections from any person within two months of the notification.

Hilsa production, which has been growing gradually over the years, rose slightly to 5.66 lakh tonnes in fiscal 2021-22 from 5.65 lakh tonnes the previous year, according to an estimate by the Department of Fisheries.

## Rules relaxed

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regarding the appointment of directors with non-bank financial institutions," said a senior official of the central bank.

In August last year, the BB restricted appointment of external auditors, legal adviser, adviser, consultant or officials who have worked in a financial institution in the previous five years as a board member of the same organisation.

## Investors barely show

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Among 23 NBFIs, stocks of Bangladesh Industrial Finance Company Limited, Fareast Finance & Investment Limited, FAS Finance & Investment Limited, First Finance Limited, International Leasing and Financial Services Limited, People's Leasing and Financial Services Limited, Premier Leasing and Finance Limited and Union Capital Limited were under their face value.

A lack of confidence is plaguing the whole sector, for which some bank stocks are undervalued, added Hasan of UCB Asset Management.

No bank and NBFI stocks are above Tk 60 while eight junk stocks, out of a total of 23, are being traded above the amount, the DSE data showed.

A top official of a listed bank, preferring anonymity, said some of the banks and NBFIs were feeling the pressure of the high NPLs but they abide by some corporate governance and were under regulations of the central bank.

Some of the banks and NBFIs are paying dividends too, so, in some cases, they are undervalued mainly due to most investors paying heed to rumours, he said.

And manipulating bank and NBFI stocks is tough due to them prevailing in high numbers, he clarified.

"If you see the stock market, many other listed companies do not even have any factories, or production has remained stopped for many years, (yet) these stocks are also traded above the share price of banks and NBFIs," he said.

It means that most investors of the stock market rush for stocks undergoing manipulation, he added.

In the banking sector, stock prices of 28 percent or 16 banks and NBFIs are under the par value. In comparison, 4 percent or 12 companies in all other sectors combined are prevailing below the face value, the DSE data shows.

Among the 12 companies, 10 are in the textile sector. Most of the companies' performances are not up to the mark and they have a huge number of shares.

## Yarn prices go up

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Local garment exporters prefer using locally-made yarn instead of imported ones to maintain the current lead times of 45 days to 60 days demanded by buyers, whereas earlier it was 90 days to 120 days, he said.

A good volume of work orders came to Bangladesh for next spring and demand for yarn has also started rising, said Razeed Haider, managing director at Outpace Spinning Mills Ltd.

Whether this demand will prevail remains to be seen because there have been instances where it later went down, he said.

Sale of yarn for both export-oriented and domestic markets have started increasing, said Khorsheed Alam, chairman of Little Group, which also produces yarn for the domestic market.

Demand has increased also for improvements in power supply in major weaving areas using electricity-run looms like in Narsingdi, Narayanganj and Sirajganj, he said.

Demand rose for old yarn stocks being sold off, said Monsoor Ahmed, chief executive officer of the Bangladesh Textile Mills Association (BTMA), the platform for primary textile millers.

But most spinning mills have been running at 50 percent to 60 percent capacity due to gas supply shortages at industrial units, he said.

Improvement in sales of yarn is still slow, said BTMA President Mohammad Ali Khokon.