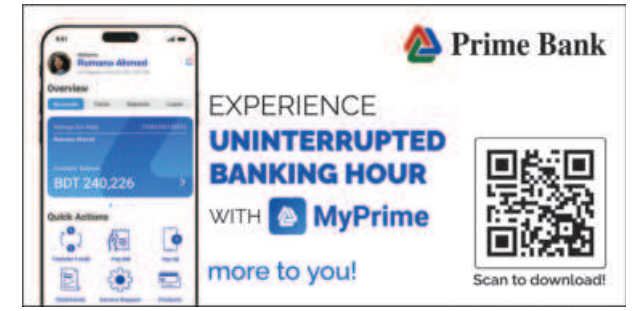


# Star BUSINESS



## Private sector's foreign debt falls further

MD MEHEDI HASAN

Short-term private sector foreign debt has continued to fall since January of this year, with new disbursements being outweighed by repayments each month this year except May.

In July, short-term foreign debt in the private sector stood at \$13.38 billion, down 2 percent from \$13.65 billion in June, as per the latest data from the Bangladesh Bank (BB). In January, that figure was \$15.58 billion.

The private sector took short-term loans from foreign sources amounting to \$2.27 billion in July, when the total repayment against previous disbursements stood at \$2.60 billion, BB data showed.

Foreign lenders have lost confidence in lending to

**In July, short-term foreign debt in the private sector stood at \$13.38 billion, down 2 percent from \$13.65 billion in June**

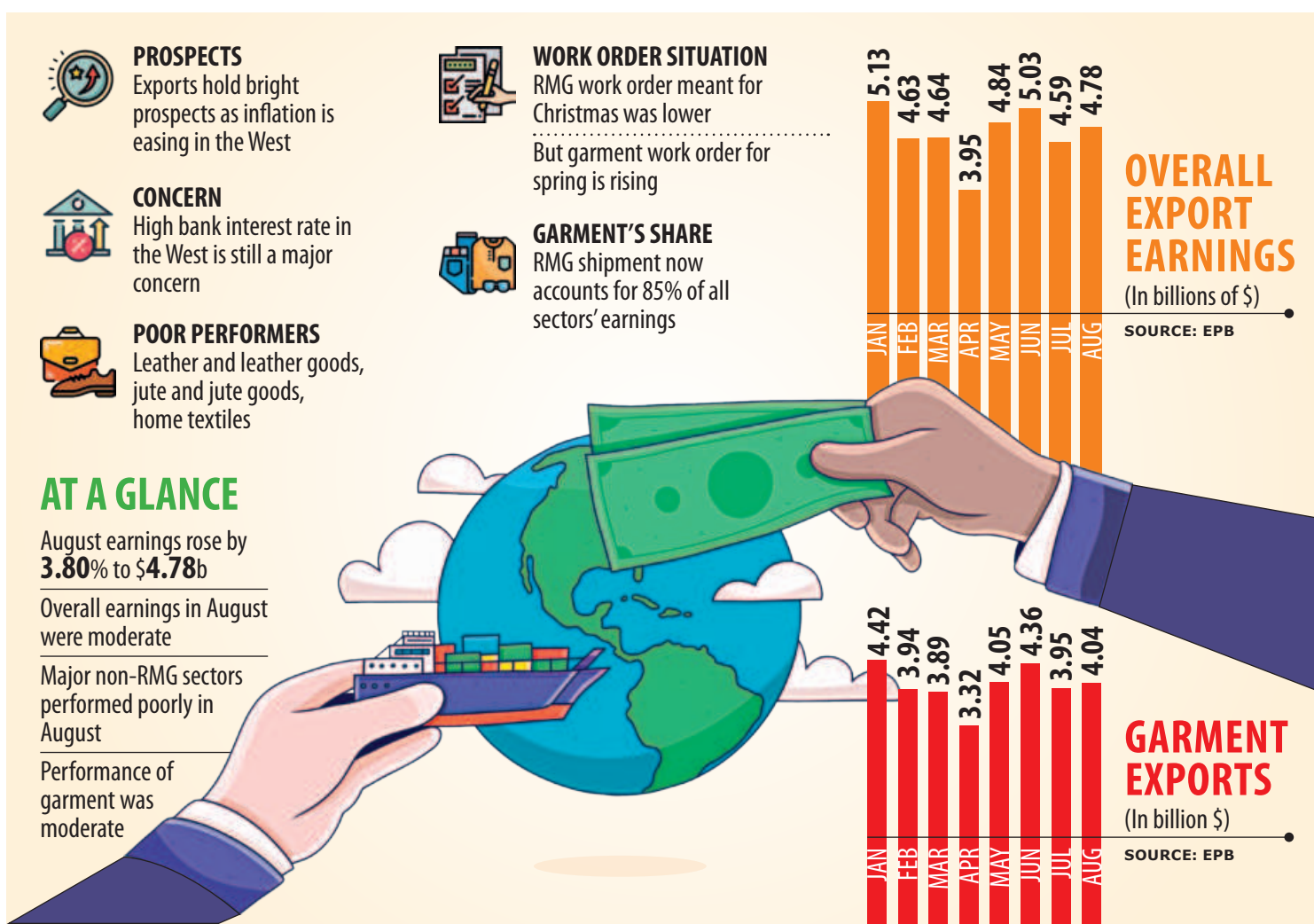
Bangladeshi companies as the country's forex reserves continue to fall, opined Zahid Hussain, former lead economist at World Bank's Dhaka office.

He said that fresh disbursement of foreign loans was lower than repayments, which were why financial account dipped into the negatives after a long time.

The financial account is the component of the country's balance of payments that covers claims or liabilities to non-residents concerning financial assets. It includes foreign direct investment, medium and long-term loans, trade credit, net aid flows, portfolio investment and reserve assets.

Bangladesh's financial account at the end of fiscal 2022-23 showed a deficit of \$2.1 billion, standing in stark contrast to a \$15.5 billion surplus a year earlier.

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## Exports rise slightly in August

Three key sectors stage poor performance

REFAYET ULLAH MIRDHA

Earnings from merchandise shipments in August increased slightly by 3.80 percent to \$4.78 billion, mainly riding on apparel exports as all the other major sectors staged a poor performance last month.

Three important sectors, including leather and leather goods, jute and jute goods and home textiles, which earned over \$1 billion last fiscal year, staged a very poor performance.

This was largely due to the volatile global economic situation stemming from the severe fallouts of the pandemic and Russia-Ukraine war.

Although inflation is going down in the major export destinations in Europe and North American countries, including the US, bank interest rates are still high.

As a result, end consumers are yet to go on spending sprees as in the pre-pandemic period.

The shipment of goods like apparel, footwear and other fashion items will not be robust this year too ahead of Christmas, as consumers are still passing a hard time for the bank interest rates.

Compared with other major suppliers in the global supply

chain, Bangladesh performed well amid the economic turmoil worldwide.

For instance, China's exports fell for the third month in a row in July, plunging by 14.5 percent year-on-year in dollar terms. This was the biggest drop since February 2020, when the

year-on-year to \$9.37 billion, the data said.

Bangladesh performed relatively better than other garment exporting countries, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

markets than in the traditional markets, which include the US, EU, UK and Canada, Hassan added.

He also said garment shipments may gain a good pace from December onwards as inflationary pressure was easing on consumers.

In the July-August period, the first two months of the current fiscal year, apparel shipments, which contribute more than 85 percent of the national exports, grew by 12.46 percent year-on-year to \$7.99 billion, said EPB data.

Of the total, \$4.58 billion was earned from the shipment of knitwear, which registered 17.02 percent year-on-year growth.

The remaining \$3.41 billion was latched from the shipment of woven garments, which registered 6.86 percent year-on-year growth.

Other major sectors could not perform well last month. For instance, leather and leather goods shipments fell by 12.73 percent year on year to \$194.82 million.

The recession in Europe is still ongoing and consumers are not buying non-essential goods like leather goods, said Md Saiful Islam, former president of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh.

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pandemic began, The Telegraph reported last month.

Bangladesh's earnings in August are also 1.81 percent below the monthly target of \$4.87 billion set by the Export Promotion Bureau (EPB).

Earnings from merchandise shipments in August last year stood at \$4.60 billion, according to data from the state-owned export promotion agency of Bangladesh.

In the July-August period, the export grew by 9.12 percent

The export of garments in August last year was robust as retailers and brands had to cater to pent-up demand of the pandemic in tune with the recovery of the global supply chain.

So, the same rate of export will not happen every year, he said.

In August alone this year, garment shipments grew by 7.99 percent to \$4.04 billion, which is better than that of other countries.

Bangladesh has performed better in the new and emerging

## Slow export, fall in remittance to put pressure on economy

Economists say

STAR BUSINESS REPORT

The slowing growth of exports and slump in remittances is not good news. It is rather concerning as the latest data of the two major indicators shows that the pressure on the economy is likely to increase unless there is any rebound in inflows in the coming months.

Economists said the export growth, which stood at 3.8 percent in August, is positive given the current global economic turmoil.

However, the volume of export proceeds is not as much as needed to arrest the fall in the country's foreign exchange reserve and thereby reduce pressure on the external account.

Migrant workers and Bangladeshis abroad sent \$1.59 billion remittance in August, which was the lowest in six months. Besides, overall remittance

**Economists think the export growth, which stood at 3.8 percent in August, is positive given the current global economic turmoil.**

inflow in August was 21 percent lower compared to the same month a year earlier.

"This modest growth is not bad given the current global economic turmoil. Yet, it will not help us manage the pressure on the balance of payment as remittance has plummeted," said Mohammad Abdur Razzaque, chairman of Research and Policy Integration for Development, a private research organisation.

The fiscal year 2022-23 data showed that the pressure of external payment increased though Bangladesh narrowed the trade gap and current account deficit thanks to measures that cut overall imports by 16 percent.

The overall external deficit grew to \$8.2 billion in fiscal 2022-23, up from \$6.7 billion the previous year, according to data of Bangladesh Bank.

And amid pressure, the overall forex reserve is gradually falling. For example, the foreign exchange reserve, which was \$23.34 billion on July 31 as per the International Monetary Fund standard, declined to \$23.06 billion on August 30, showed central bank data.

To tackle the situation, economists have been suggesting a market-based exchange rate calculation system instead of multiple rates.

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STOCKS	
DSEX ▼	CASPI ▼
0.06%	0.17%
6,307.81	18,631.58

COMMODITIES	
Gold ▼	Oil ▲
\$1,940.36	\$86.09
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.37%	▲ 0.70%	▲ 0.18%	▲ 1.40%
65,628.14	32,939.18	3,238.97	3,177.06

## Video game development industry at a crossroads

MEHNAZ IRTIKA and HASAN MAHMUD ABDULLAH

In the global entertainment business landscape, the video games industry has not just grown, it has exploded, eclipsing even the combined revenues of the film and music industries.

The industry is poised to achieve a revenue of \$622.80 million in 2023, with an anticipated annual growth rate of 11.57 percent, propelling the market volume to an estimated \$965.10 million by 2027, according to Statista Market Forecast.

Bangladesh's game development market, although much smaller, shows similar promise. In 2021, the market was valued at \$62.22 million and is part of a broader \$370 million gaming industry in the country. Projections indicate that this market could double by 2026.

Esports is also a growing sector within the gaming industry in Bangladesh, with titles like Counter-Strike, DOTA, FIFA, Rainbow Six Siege and Call of Duty having large player bases. Bangladeshi esports players have collectively earned \$216,681.51 from 99 tournaments so far.

High-stake events like Discovery One's BESL Episode V, offering a prize pool of Tk 6 lakh, and the GPXAOV Community Cup 2023, which featured a Tk 3 lakh prize pool, indicate a burgeoning esports scene.

READ MORE ON B3



Had it not been for the bundles of jute sticks, this would have pretty much seemed like the edge of a river. This is actually a cropland inundated by the Jamuna river which had been flowing above the danger level in Gaibandha for the last couple of days. Luckily the water receded yesterday. If the situation had persisted any longer, farmers in the area would have likely lost all the money and effort they put in so far in raising paddy seedbeds and vegetable patches. The photo was taken at Guptamani Char in Phulchhari upazila on August 31.

PHOTO: MOSTAFA SHABUI

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## Banks can't transfer exporters' proceeds

STAR BUSINESS REPORT

Bangladesh Bank yesterday barred transferring the value-added portion of export proceeds to other banks for settling the exporters' import liabilities.

The value-added portion refers to the export proceeds that are available to exporters after their import bills for back-to-back letters of credit have been met.

The central bank issued a notice in this regard, saying that it has been decided that retained funds will be useable only by designated banks for the settlement of bona fide payment obligations of relevant exporters.

Bangladesh Bank took the decision for maintaining discipline in foreign exchange transactions.

## Indenting agents' assoc to avail Brac Bank services

STAR BUSINESS DESK

Brac Bank Ltd signed a memorandum of understanding with Bangladesh Indenting Agents' Association (BIAA) yesterday to provide comprehensive banking solutions tailored for over 1,500 member firms of the association.

Tareq Refat Ullah Khan, deputy managing director and head of corporate banking of the bank, and Md Nuruzzaman, president of the BIAA, inked the deal at the former's head office in Dhaka, said a press release.

Taher Hasan Al Mamun, senior zonal head of the distribution network of the bank, Jabelul Alam, head of transactional banking, Taher Mridha, head of payments and transactions, and Baharul Mansur, senior vice-president of the BIAA, were present.



Tareq Refat Ullah Khan, deputy managing director of Brac Bank, and Md Nuruzzaman, president of Bangladesh Indenting Agents' Association, exchange signed documents of a memorandum of understanding on banking solutions at the former's head office in Dhaka yesterday.

PHOTO: BRAC BANK

## Half of large Swiss firms faced cyberattacks: study

AFP, Geneva

Nearly half of large companies in Switzerland have already fallen victim to cyberattacks, often with dire consequences, according to a study published Monday.

A full 45 percent of companies in Switzerland counting 250 employees or more have already been hit by at least one cyberattack, according to the latest SwissVR Monitor report.

The study, carried out by consultancy Deloitte and the Lucerne University of Applied Sciences and Arts between mid-May and early July, showed a correlation between the size of a company and the risk of cyberattacks.

Based on a survey of 400 board members from both larger, listed companies and small and medium enterprises (SMEs), the study found that

**A full 45 percent of companies in Switzerland counting 250 employees or more have already been hit by at least one cyberattack.**

only 18 percent of firms with under 50 employees had faced a serious attack.

"The connection between company size and the frequency of attacks is obvious -- large companies have greater global exposure and a larger potential target area for cyber criminals to attack," the report authors said.

In addition, they suggested that smaller companies may be less stringent about reporting all incidents to their boards.

Florian Schutz, who is in charge of implementing Switzerland's national cyber protection strategy, said that "all companies are at risk, regardless of size and sector".

Quoted in Monday's report, he pointed out that "many SMEs lack the financial and human resources to take effective cybersecurity measures, so their expertise and infrastructure is limited or even non-existent".

Overall, the survey showed that companies are not well enough prepared to face cyber threats.



ABM Zahurul Huda, executive director of Bangladesh Bank Chattogram office, and Tarique Afzal, managing director of AB Bank, attend a skills development training and loan distribution programme for women entrepreneurs organised by the private bank at Chittagong Club recently.

PHOTO: AB BANK

## AB Bank holds training for women entrepreneurs

STAR BUSINESS DESK

AB Bank Ltd organised a daylong skills development training for women entrepreneurs at Chittagong Club.

ABM Zahurul Huda, executive director of Bangladesh Bank's Chattogram office, inaugurated the programme as chief guest, handed over certificates and disbursed loans, said a press release.

Ittekkhar Enam Awal, head of corporate and SME of the bank, presided over the programme, where Tarique Afzal, president and managing director, was present as special guest.

## City Bank provides seeds to Bogura farmers

STAR BUSINESS DESK

City Bank, in collaboration with non-governmental organisation Thengamara Mohila Sabuj Sangha (TMSS), has recently provided crop seeds for free to 400 farmers in Bogura as a part of its corporate social responsibility.

Mashrur Arefin, the bank's managing director and CEO, inaugurated the event organised by the TMSS, said a press release.

"The bank wants to contribute to the farmers' development who are the main contributors to the food safety of our population. In future, the bank aims to expand the assistance significantly in the field of agriculture," said Arefin.

Sohrab Ali Khan, deputy executive director of the TMSS, conducted the event, where Tapan Kumar Nath, former deputy secretary, Professor Hosne-Ara Begum, executive director of the TMSS, Md Matiur Rahman, deputy executive director, Sheikh Mohammad Maroof and Md Mahbubur Rahman, additional managing directors of the bank, and Arup Haider, head of retail banking, were also present.



Mashrur Arefin, managing director of City Bank, distributes crop seeds among farmers, who are members of Thengamara Mohila Sabuj Sangha (TMSS), at an event organised by TMSS in Bogura recently.

PHOTO: CITY BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (SEP 4, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 72	-2.22 ↓	-0.75 ↓
Coarse rice (kg)	Tk 48-Tk 50	-2 ↓	-6.67 ↓
Loose flour (kg)	Tk 45-Tk 50	-6.86 ↓	-4.04 ↓
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 155-Tk 160	-3.08 ↓	-8.7 ↓
Potato (kg)	Tk 42-Tk 45	14.47 ↑	61.11 ↑
Onion (kg)	Tk 80-Tk 90	36 ↑	100 ↑
Egg (4 pcs)	Tk 50-Tk 53	5.1 ↑	32.05 ↑

SOURCE: TCB



Rafiqul Islam, managing director and CEO of Shimanto Bank Ltd, cuts a cake at the bank's head office in Dhaka on September 1 celebrating its 7th founding anniversary. The bank has been serving more than one lakh customers through 20 branches, 4 sub-branches, 2 service centres, 20 ATMs and internet banking across the country for the past seven years.

PHOTO: SHIMANTO BANK



Sharifa Khan, secretary of Economic Relations Division (ERD) and chairman of Infrastructure Development Company Ltd (Idcol), poses for photographs with awardees, who are children of ERD employees recognised for their academic excellence in SSC/"O" levels and HSC/"A" levels, at the NEC Auditorium in Dhaka on Sunday. Md Shahrir Kader Siddiki, additional secretary (WB wing) of ERD, Keya Khan, additional secretary (admin and Middle East), and SM Monirul Islam, deputy CEO and chief financial officer of Idcol, were present.

PHOTO: IDCOL

## Western companies Tesla, Chinese EV brands

FROM PAGE B4

reduction of their Russian activities". French carmaker Renault, for example, suffered a loss of 2.2 billion euros as it pulled out of Russia, one of its main markets, in May 2022.

But it is the oil majors that have lost the most. BP, one of the first to fully withdraw from Russia shortly after the fighting began in Ukraine in February 2022, has taken an estimated hit of more than 22 billion euros.

On the other hand, to keep doing business in Russia exposes Western firms to "significant reputational costs", Vercueil said.

Ukrainians, and in particular their high-profile President Volodymyr Zelensky, are vocal in accusing such companies of "financing the Russian war through the profits they make on Russian territory", he said.

Food, agriculture and distribution giants, many of whom have remained in Russia, are often targeted. French supermarket chain Auchan is a case in point.

Ukraine said Wednesday that fragments of a Russian missile fell on a mall housing an Auchan in Kyiv, and repeated calls for the company to end its Russian operations.

"Cynicism, masochism, or stupidity? Exit Russia: this money is too bloody," the defence ministry said.

Many Western companies that have stayed in Russia say they are ensuring the livelihoods of their employees, and keeping their businesses from falling into the hands of Russian officials. Those arguments have not convinced everyone.

"Those companies explain that they stay for humanitarian reasons -- that's a cynical lie," said Jeffrey Sonnenfeld, a professor specialising in corporate social responsibility at Yale University, who has compiled a list of Western companies leaving, or remaining, in Russia.

In his view, not only are these major groups helping to keep the Russian economy going, they are also playing into President Vladimir Putin's hands by reassuring consumers with their presence.

FROM PAGE B4

Having captured an increasingly large part of the prized Chinese market, Chinese upstarts are now hoping to win over European customers with cheaper electric cars.

Chinese manufacturers are starting "their assault on Europe with the IAA", said industry analyst Ferdinand Dudenhofer from the Center Automotive Research in Germany.

Chinese groups benefit from lower production costs, allowing them to offer cut-throat prices at a time when entry-level EVs are still a rarity.

Mercedes-Benz CEO Ola Kallenius said it was necessary for European firms to stay competitive in the face of stiff competition.

"Don't make it worse. Don't start a debate that we should work less hours at the same pay, those types of things. That would be going the wrong direction," Kallenius told reporters at the IAA on Sunday.

Volkswagen CEO Oliver Blume meanwhile said he was "impressed"

by the speed at which China had advanced its electric car technology.

He added that it was "crucial" for VW to succeed in China's domestic EV market -- where it is currently lagging far behind China's BYD and Tesla.

"The more electric cars we have, the more we can benefit from economies of scale," Blume said.

In all, 41 percent of exhibitors at the industry fair have their headquarters in China, including brands such as BYD, Leapmotor and Geely.

Contrary to the Asian onslaught, participation from European carmakers at the IAA will be muted.

Germany's homegrown champions Volkswagen, BMW and Mercedes-Benz will be joined by Renault from France, but the 14-brand Stellantis Group will only be represented by Opel.

BMW presented its "Neue Klasse" (New Class) generation of electric cars in Munich on Saturday, a series of six vehicles that will be manufactured from 2025.

## India steps up coal use

FROM PAGE B4

Coal's share in power output rose to 66.7 percent in August - the highest for the month in six years, according to a Reuters analysis of government data. Lower rainfall led to the share of hydro power in overall output plunging to 14.8 percent, compared with 18.1 percent in the same period last year.

The government has repeatedly defended the use of coal citing lower per capita emissions compared with richer nations and rising renewable energy output.

Despite higher demand for coal, power plants have slashed imports by 24 percent to 17.85 million metric tons during the first four months of the fiscal year ending in March 2024, government data showed, due to a 10.7 percent increase in production by state-run Coal India.

Lower imports by the world's

second largest importer of the polluting fuel behind China have kept global thermal coal prices depressed in recent months.

Analysts and industry officials attribute the higher power use to farmers using more electricity to irrigate fields due to insufficient rain, intermittency of renewables, and increased cooling demand with warmer-than-usual temperatures.

"Given the already stressed supply situation, as poor monsoon in August resulted in high agricultural demand, the sudden fall of wind generation ... has further aggravated the situation," power analytics firm EMA Solutions said in a LinkedIn post on Thursday.

India's peak demand - the maximum capacity required during any time of the day - rose to a record 243.9 gigawatts (GW) on Aug 31, the Grid India data showed, exceeding available capacity by 7.3 GW.



The elevated expressway will not only contribute to making Dhaka a more prosperous and livable mega-city, it will also improve transportation network and drive economic growth, said trade bodies.

PHOTO: NAIMUR RAHMAN

# Elevated expressway to help drive economic growth, job creation

Leading chambers say

**STAR BUSINESS REPORT**

The country's two leading trade bodies -- the Metropolitan Chamber of Commerce and Industry (MCCI) and Dhaka Chamber of Commerce and Industry (DCCI) -- welcomed the inauguration of the Dhaka Elevated Expressway and termed it a historic milestone for Bangladeshis people. Prime Minister Sheikh Hasina inaugurated the 11.5km stretch of the Dhaka Elevated Expressway, including another 11km of ramps and link lines, on September 2. It opened to public vehicles at 6:00am the next day. "This marks a significant milestone as the expressway becomes Bangladesh's first large-scale infrastructure project developed through a public-private partnership," read a statement from the MCCI. By enhancing Dhaka's transportation network, the expressway is poised to drive economic growth, job creation, and improved efficiency, it added. The MCCI also congratulated Prime Minister Sheikh Hasina and the Bangladesh government "for their

unwavering commitment to enhancing the nation's infrastructure and their visionary approach in bringing this project to fruition." It further stressed that the expressway would effectively contribute to making Dhaka a more prosperous and livable mega-city. Echoing those sentiments, the DCCI termed the expressway a milestone infrastructure project for the nation. "It is expected to scale up our gross domestic product (GDP), ease transport connectivity to Dhaka, traffic congestion and other traffic-induced challenges, opening up new opportunities for desired inclusive development," read the release from the DCCI. Dhaka is challenged with various pressing issues including traffic congestion, which causes numerous adverse economic repercussions. The DCCI commended the government for prioritising infrastructure development and completing various exemplary landmark infrastructure projects, such as Payra Port, Karnaphuli Tunnel and Padma Bridge as part of its

fast-track mega projects. The Padma Bridge, inaugurated in 2022, was a game-changing communications development network that linked the underdeveloped southern region of Bangladesh to Dhaka, resulting in enormous macroeconomic connectivity.

**DCCI President Md Sameer Sattar said such a timely initiative is likely to add outstanding benefits and premiums to the local supply chain network and business operations.**

As a commitment of the government to continuous and sustainable infrastructure development, several mega communications infrastructure projects, including the MRT Line 6 and Elevated Expressway, were completed within Dhaka with the aim of connecting adjacent areas to the capital.

DCCI President Md Sameer Sattar said such a timely initiative was likely to add outstanding benefits and premiums to the local supply chain network and business operations. Sattar believes that the masses, including commuters, investors and entrepreneurs, would benefit from this project in the days to come as it will strengthen local connectivity and lead to smooth traffic networks, thereby reducing various traffic-induced repercussions. Sattar mentioned that the elevated expressway would make a significant difference to the country's transport communications system and its economic growth trajectory. It will also open up new prospects for the country as it works towards a local and export-oriented industrialisation-led economic transformation. The much-needed elevated expressway will allow exporters from Gazipur and Savar to easily access ports in Chattogram and Mongla, cutting down on costs and time as Bangladesh seeks more efficient local and cross-border trade growth.

## Shift warehouses to Shyampur, get licences renewed

### Mayor Taposh tells Old Dhaka chemical traders

**STAR BUSINESS REPORT**

Traders in Old Dhaka who shift their chemical warehouses to the capital's Shyampur will be able to get their trade licences renewed, said Dhaka South City Corporation Mayor Sheikh Fazle Noor Taposh yesterday. However, he did not explicitly state that those who do not shift will not be able to get their licences renewed. The government has not been issuing and renewing their trade licences for a long time following incidents of fires breaking out in chemical warehouses in Old Dhaka and endangering lives. Taposh shared the information at an event organised by the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) at its Motijheel office, where he unveiled a new five-year trade licence registration and renewal policy. "I hope businesses will take this opportunity. We want to make this city liveable for future generations," he said. A total of 54 chemical warehouses were inaugurated at Shyampur in the capital on June 4, after which traders of chemical products were asked to apply to rent the warehouses between July 24 and August 24. However, traders say that the rent fixed by the authorities for the warehouses was too high.

## Shamim re-elected as BPGMEA president

**STAR BUSINESS DESK**



Shamim Ahmed has been re-elected as the president of the Bangladesh Plastic Goods Manufacturers & Exporters Association (BPGMEA) for a one-year term (2023-2024). BPGMEA election board chairman Abdur Razzaque, accompanied by other members of election board Hafez Harun or Rashid and Abul Khair, announced the results after the election was held at the association's head office in Paltan yesterday, said a press release. KM Iqbal Hossain has been elected as the senior vice president, while Quazi Anwarul Haque and Md Enamul Haque have been elected vice-presidents of the association. As per the order of the ministry of commerce, seven new directors were elected to the seven vacant posts of the board of directors of the BPGMEA on September 2. A 21-member board of directors will run the association for the next one year.

## Exports rise slightly

**FROM PAGE B1**  
The pandemic and Russia-Ukraine war are still affecting the spending of consumers, said Islam, also president of the Metropolitan Chamber of Commerce and Industry (MCCI) and managing director of Picard Bangladesh Ltd. Similarly, shipments of jute and jute goods declined 10.31 percent year-on-year to \$140.46 million in the July-August period of the current fiscal year. Though jute goods exporters get a government incentive, there is also a tax on it, which is disappointing, said Md Saiful Islam, managing director of Faridpur-based Mazeda Jute Industries Ltd. Some 90 percent of Bangladesh's jute and jute goods are exported to 12 countries, which add more value to the products and reexport them to the rest of the world, he said. But Bangladesh jute exporters cannot exploit the demand of the rest of the world for a lack of proper marketing strategies, he said. The Indian anti-dumping duty on Bangladesh jute goods is also discouraging local exporters, he said. Of the total jute goods, some 70 percent is yarn, 20 percent is sacks and 10 percent is other goods and

those goods face such duty in India. However, raw jute does not face any duty in India. As a result, 13 lakh tonnes of jute were exported to India over the last three years, said Islam, also a former director of the Bangladesh Jute Spinners Association. Moreover, consumers are preferring other alternatives like polythene bags because of jute goods costing higher, he added. Sectors like cotton waste, plastic goods and non-leather footwear performed well in the July-August period. Home textile exports fell 53.40 percent to \$125.14 million as demand fell globally. Shipments of sectors like frozen and live fish, agricultural products and ceramics did not fare that well in the July-August period. Exports were robust in August last year, said Mohammad Abdur Razzaque, research director of the Policy Research Institute. As a result, the exports seem slower on a year-on-year comparison. Still the exports of Bangladesh are better than other countries considering the volatile global economic situation. Besides, exports may grow from the next quarter as inflation is easing, he added.

## Slow export, fall in remittance to put pressure

**FROM PAGE B1**  
Last week, bankers decided to buy and sell the US dollar at a single rate even though some are doubtful whether it would really be a floating exchange rate. Razzaque said there is a gap in the exchange rate between the formal and informal markets. "And remittance flow will not increase if the exchange rate in the informal market is high," he said. "It is not wise to control the exchange rate artificially. Rather, allowing the market to determine the exchange rate will be instrumental in attracting increased flow of remittance through formal channels and export," Razzaque added. Replying to a question about how import induced inflation may rise because of further depreciation of taka, he said inflation cannot be

controlled by restricting imports. "It may rather fuel inflation owing to a shortage of goods in the market," Razzaque added. Muhammad Shahadat Hossain Siddique, a professor of economics at Dhaka University, said remittance and export earnings are two major sources of foreign currency for Bangladesh. But if imports continue at the current pace and export, remittance and foreign investment do not increase, the vulnerability in foreign exchange reserve may rise, he added. Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem), said the latest export and remittance data is concerning. The foreign exchange reserve is falling every month, although the

rate of decline has reduced. If this continues, overall reserves may drop to less than \$18 billion. "This is quite concerning. Export and remittance are two major pillars of the economy, but such a low growth of export will not be enough to reduce pressure on the reserves," he added. Raihan, also a professor of economics at Dhaka University, said there is still a large gap in exchange rates between the official and kerb markets. The chance of recovery in remittance flow through formal channels is low as the tendency to siphon money out of the country rises ahead of any general election, he added. Raihan also said policy makers should have taken measures long ago to tackle the challenges the economy

has been facing over the last one-and-a-half years. "Today's challenge is the result of faulty policies and poor economic management. The situation has come to a point where a handful of measures will not be enough. So, it appears the pressure on the economy is likely to increase," he added. Raihan recommended the government form a high-powered panel including economists and experts to address the challenges. Estiaque Bari, senior lecturer of economics at East West University, said one of the reasons for the decline in remittances is the gap in exchange rates between the formal and informal markets. Even after adding 2.5 percent incentive given by the government, the official rate stands below the rate offered at the kerb market, he added.

## German exports remain volatile

**AFP, Berlin**  
German exports fell again in July after a slight rebound in June, official data showed on Monday, as Europe's biggest economy battles an industrial slowdown. Exports totalled 130.4 billion euros (\$141 billion), a fall of 0.9 percent compared with the previous month, according to adjusted figures from federal statistics agency Destatis. FactSet analysts had predicted an even steeper decline of 1.5 percent. Imports meanwhile were up 1.4 percent compared with June, totalling 114.5 billion euros.

## Banks can't transfer

**FROM PAGE B1**  
In case of the fund remaining unused, banks will have to encash the amount in taka just after expiry of an admissible period of 30 days, the notice said. However, the unused fund can be encashed before this time upon request from exporters. Previously, the central bank had allowed designated banks to transfer the value-added portion of export proceeds to other banks for use in settling the respective exporters' import obligations.

## Video game development industry

**FROM PAGE B1**  
Given the industry's consistent profitability, one might expect Bangladesh, which graduates over 20,000 software engineers yearly, to have a thriving game development market. However, despite early optimism about the gaming industry in Bangladesh and despite the fact that some locally-produced video games have garnered good reviews, the industry has struggled to gain traction. Video games are often seen as non-essential, leading many talented individuals to seek opportunities abroad and draining the nation's pool of expertise. Md Musabbir Hosain, managing director at NapTech Labs, a Dhaka-based game development company, points out that the initial challenge is an insufficient workforce, which necessitates extensive training for new recruits. The industry is also plagued by a lack of robust investment. While the anticipation for groundbreaking Bangladesh games is fervent, extended-release delays like 'Agontuk' disappoint fans. Social media pages

for games like the first-person shooter 'Project Judgement' have lay dormant for years. The few games that hit the market often offer subpar gameplay as developers struggle with tight budgets and modest pay. The perceived absence of profitability has also led to hesitancy among investors, causing many promising projects to be shelved prematurely. This reluctance has a ripple effect, discouraging students from specialising in game development and exacerbating the already significant skill gap. Arif Mohammad, CEO of TechnoMagic, a local animation and game development company, underscores the importance of educational institutions in bridging these gaps. A more straightforward educational pathway to game development could significantly ease many of the industry's current challenges. "To date, what we suffered from is a lack of resources. If educational institutions introduced an easier pathway to game development for graduates, that would make things

much easier," he says. Nonetheless, notable companies in Bangladesh's game development sector like Riseup Labs, Ulka Games, and Azmi Studios continue to hold up the torch. Ulka Games' 'Ludo Club' has achieved significant success, surpassing 60 million downloads on Google's Play Store. Additionally, indie games like 'Zero Hour' by Attrito M7 Productions have shown that there is a market for quality, locally-produced content. Currently, the game development industry in Bangladesh stands at a critical juncture. With the right investment, educational focus, and strategic planning, it could well become a significant player in the global gaming arena. The industry offers more than just financial gains; it serves as a platform for creative expression, skill development, and even expressions of national pride. As Bangladesh navigates this complex landscape, the time is ripe for a multi-pronged approach that involves educational institutions, the investment community and governmental support to act as a catalyst for the industry's evolution.

## Private sector's foreign debt falls further

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Hussain added that global lenders were uncomfortable lending to local companies as international credit rating agencies, including Moody's, downgraded Bangladesh's long-term ratings. He added that private companies may also be discouraged from availing foreign loans due to source tax on foreign loans. Hussain opined that it was a bad omen that new foreign loan disbursement had slowed down compared to higher repayments, especially given the backdrop of falling forex reserves. The forex reserve stood at \$23.06 billion on August 30 and is projected to slip below the \$23 billion mark this week after a \$1.20 billion payment to the Asian Clearing Union for imports from eight Asian countries.



The government will give Tk 189 crore in incentives to the farmers of 10 winter crops, including mustard, wheat, onion, maize and sunflower.

PHOTO: STAR/FILE

## Govt offers incentive for 10 winter crop growers

STAR BUSINESS REPORT

The government will give Tk 189 crore in incentives to the farmers of 10 winter crops this fiscal year, agriculture ministry said yesterday.

The winter or Rabi crops are wheat, onion, mustard, maize, sunflower, groundnuts, soybean, mung, lentil and khesari (grass pea), the ministry said in a press release.

Over 19.53 lakh small and marginal farmers across the country will be given free seeds and fertilisers for cultivating

any one of the crops.

Under the incentive, a farmer will get 20 kilogrammes of wheat seeds, 2 kgs of maize seeds, 1 kg of mustard seeds, 10 kgs of peanut seeds, 8 kgs of soybean seeds, 1 kg of winter onion seeds, 1 kg of lentil seeds and 8 kgs of khesari seeds at free of cost.

The ministry said the incentives will be provided from its regular budget on agricultural rehabilitation assistance and seedlings sector.

The distribution of these incentives will start soon at the field level, it added.

## Construction of Patuakhali EPZ to begin soon

SOHRAB HOSSAIN, Patuakhali

The construction of an export processing zone (EPZ) in Patuakhali will begin soon after all land acquisition costs are cleared within the next one month or so, according to project officials.

The planned EPZ featuring 306 industrial plots will be built on 410.78 acres of land in Pachakoralia Mouza of Auliapur union under Patuakhali sadar upazila.

The Executive Committee of the National Economic Council (ECNEC) approved the project involving Tk 1,443 crore on August 29 earlier this year while it is scheduled for completion by June 2026.

The government decided to set up the Patuakhali EPZ to take advantage of the increased connectivity offered by Padma Bridge and Payra Port, said Project Director Md Ashraf Kabir.

This is because industries in the Patuakhali EPZ will be strategically placed to benefit from easy access to imported raw materials and export facilities, he added.

As such, the EPZ will help increase the country's export earnings and create employment opportunities that will contribute to the socioeconomic development of the southwestern region of Bangladesh.

Being implemented by the Bangladesh Export Processing Zones Authority (BEPZA), construction of the Patuakhali EPZ will require establishing an inner road network, drainage system and boundary wall.

Apart from that, industrial, residential and office spaces will be set up along with two substations for power and gas transmission, Kabir said, adding that a helipad would also be constructed.

Besides, an Investors Club is being established on 2.25 acres of land in Kuakata under the same project.

Of the estimated project cost, BEPZA will pay about Tk 338 crore from its own funds while the government will cover the remaining Tk 1,105 crore.

Sources at the Patuakhali deputy commissioner's office say the Prime Minister's Office had granted administrative approval to acquire land for setting up the Patuakhali EPZ on August 8, 2021.

Obaidur Rahman, additional deputy commissioner of Patuakhali, said the only thing left to complete the land acquisition process is to compensate the previous owners after BEPZA makes the allocation.

There are currently eight EPZs in Bangladesh, namely the Chittagong EPZ, Dhaka EPZ, Mongla EPZ, Ishwardi EPZ, Cumilla EPZ, Uttara EPZ, Adamji EPZ and Karnaphuli EPZ.

"It is very good news for us that such a facility is going to be established for the sake of the country's development," said Humayun Kabir, chairman of the Auliapur union parishad.

"Through this [the Patuakhali EPZ], many people will be employed and the companies will be able to play a significant role in the development of the country," he added.

## Why digital banks may be more successful

MAMUN RASHID

Bangladesh Bank issued comprehensive guidelines for establishing digital banks in mid-June. This important decision has generated a lot of excitement among different groups, including major banks, non-banking financial institutions (NBFI) and innovative startups.

The most promising aspect is the cooperation between established financial institutions and startups as they work together to obtain licenses and lead the way. This collaboration has the potential to propel Bangladesh into a digitally advanced future. Media reports say 52 groups or institutions have applied for digital bank licenses.

Over the past few years, the landscape of mobile financial services (MFS) has undergone a remarkable transformation. Initially focused on tasks like withdrawing and transferring cash, MFS has expanded to include activities such as paying bills, making purchases from merchants, saving money, and offering loans. This expansion has made it very popular among users and signifies a significant move toward making financial services more accessible to everyone.

The inclusion of digital banks in this context paints a positive picture of a nation rapidly adopting digital financial solutions, positioning itself for a dynamic future in financial technology.

Digital banks will operate exclusively online, without physical branches, which significantly reduces operating costs. To comply with the Bank Company Act, these banks will establish their main offices in the country. Automation will enable them to require fewer staff, resulting in lower labour costs.

This streamlined approach not only reduces costs for the banks, but also translates to more affordable and accessible financial services for the general public.

Customers of digital banks would conduct their activities online, including transferring money, making payments, and carrying out transactions. These transactions can happen through various channels, such as the bank's website, interbank networks, MFS agents, ATMs, and cash deposit machines (CDMs).

Digital banks can also introduce technology-based products like virtual cards and QR codes to make transactions more convenient.

It has the potential to bring individuals without access to banking services into the banking system, promoting financial inclusion and providing underserved populations with essential banking services including small loans.

Building a successful digital bank system requires a comprehensive strategy that combines technology, customer focus and adherence to regulations. A strong technological foundation is essential, marked by user-friendly interfaces and robust security measures.

Prioritising the customer experience is crucial, requiring intuitive platforms and efficient services. Achieving financial inclusion means ensuring access for underserved populations through educational initiatives that enhance digital literacy.

Personalisation, powered by data analysis, deepens customer engagement and loyalty by tailoring services to individual needs. Compliance with regulatory standards is essential, requiring ongoing collaboration with regulatory authorities to ensure adherence. Providing responsive customer support, fostering innovation, and establishing feedback mechanisms are essential to effectively address customer needs.

Forming strategic partnerships with fintech companies and third-party providers opens opportunities for expanded service offerings and market growth. Effective marketing campaigns play a significant role in raising awareness, highlighting the advantages of digital banks in terms of convenience and security. Scalability and adaptability are crucial to accommodate growth and respond quickly to changing market dynamics. By systematically addressing these aspects, digital banks can chart a course toward success in the ever-evolving financial landscape.

The author is an economic analyst



## LEAVING RUSSIA Western companies weigh pros and cons

AFP, Paris

Should they stay or should they go now? Eighteen months after the start of the war in Ukraine, many Western companies in Russia are still assessing the pros and cons.

According to a count by the Yale University, around a hundred companies from the G7 nations are still operating in Russia, but the numbers appear to be dropping.

"We are continuing to see a trend towards a reduction in the activities of Western companies on Russian territory," Julien Vercueil, an economist specialising in Russia, told AFP.

On August 21, faced with an "increasingly difficult environment", US pizza chain Domino's decided to

throw in the towel, announcing the bankruptcy of its Russian operations, which it had been trying to sell since December, and closing 142 establishments across the country.

"The war is creating unfavourable conditions for foreign companies in Russia, whatever they decide to do," Vercueil said. If they quit Russia, especially if they do so in a hurry, these companies "can lose a lot, but it will be once and for all", he said.

According to analysis by The Financial Times, which examined the annual accounts of 600 European multinationals, they lost at least 100 billion euros (\$108 billion) in total "following the sale, closure or reduction of their Russian activities".

READ MORE ON B2

## Tesla, Chinese EV brands jostle for limelight at German fair

AFP, Munich

One of the world's biggest auto shows opened in Munich on Monday, with Tesla ending a 10-year absence to jostle for the spotlight with Chinese rivals as the race for electric dominance heats up.

Chancellor Olaf Scholz will officially inaugurate the IAA mobility show, held in Germany every two years, on Tuesday.

But carmakers used Monday's press preview as an early chance to show off some of the new models that will be hitting the road soon.

The industry-wide shift towards electric vehicles will be front and centre at this week's fair, with Chinese carmakers out in force as they eye the European market.

US electric car pioneer Tesla, owned by Elon Musk, will return to the IAA for the first time since 2013 and is expected to unveil a revamped version of its mass-market Model 3.

That Tesla, usually a holdout at such events, is coming to Munich shows it is taking the growing competition seriously, said Jan Burgard from the Berylls automotive consulting group.

"The electric car market with its many new players will be divided up over the next few years and people want to know: who is offering what?" Burgard told the Handelsblatt financial daily.

READ MORE ON B2



A worker operates a backhoe loader to load coal onto a goods train at the Amrapali coal mines in Peeparwar in India's Jharkhand state. Coal's share in power output in India rose to 66.7 percent in August -- the highest for the month in six years, according to an analysis of government data.

PHOTO: AFP/FILE

## India steps up coal use to fight outages

REUTERS, Singapore

India has stepped up the use of coal to generate electricity in a bid to stop outages caused by lower hydroelectricity output, and as an increase in renewables is struggling to keep pace with record power demand.

It is unusual for India's electricity use to spike in August, when temperatures are lower due to the annual monsoon that runs between June and September. Demand typically peaks in May, when Indians crank up air-conditioners to beat the heat, and industries operate without rain-related disruptions.

However, the driest August in more than a century has resulted in power generation surging to a record 162.7 billion kilowatt hours (units), a Reuters analysis of data from the federal grid operator Grid India showed. READ MORE ON B2