

## Pran-RFL concern raises Tk 300cr thru sukuk

STAR BUSINESS REPORT

Banga Building Materials Limited (BBML), a concern of Pran-RFL Group, has raised Tk 300 crore issuing sukuk bonds to repair existing machinery and procure new ones.

The sukuk was issued to banks of Bangladesh, with City Bank Capital serving as the arranger and issue adviser, according to a press release.

The closing ceremony for the sukuk took place at Radisson Blu Dhaka Water Garden yesterday.

Addressing the event, Prof Shibli Rubayat Ul Islam, chairman of the Bangladesh Securities and Exchange Commission, laid emphasis on fixed income securities and Islamic instruments in supporting the country's infrastructure development.

"This is a testament to the strong demand for our products and services and the confidence that investors have in our business model," said Ahsan Khan Chowdhury, chairman of Pran-RFL Group.

"We believe that sukuk has great potential in Bangladesh, and we look forward to working with more companies in the future," said Ershad Hossain, chief executive officer of City Bank Capital.

## Oil price drops

REUTERS, London

Oil prices dipped on Tuesday as fresh data added to gloom over the state of China's post-pandemic recovery, although expectations of an extension in supply cuts by leading Opec+ producers limited losses.

By 0933 GMT, Brent crude futures for November were down 51 cents at \$88.49 a barrel, while US West Texas Intermediate crude (WTI) October futures edged 14 cents lower to \$85.41 a barrel.



A fisher is seen collecting shrimp hatchlings during high-tide in the Bhadra river of Khulna. A single fisher can catch up to 80 shrimplets each day, earning them about Tk 1.5 per piece when sold to local traders. The picture was taken from Raipur village in Botiaghata upazila of Khulna recently.

PHOTO: HABIBUR RAHMAN

# More efforts needed to stabilise economy

MCCI says in quarterly review

STAR BUSINESS REPORT

More actions are needed to stabilise the foreign exchange reserve, ease inflation, enhance government revenue, ensure adequate fuel and power for industrial activities, and extend social safety net programmes in Bangladesh, according to a leading trade body.

The government had taken decisive measures to address the fallouts of Covid-19 and the ongoing Russia-Ukraine war, but further initiatives are needed considering the current economic situation.

The gross foreign exchange reserve fell by about 25 percent year-on-year to \$31.20 billion as of June this year, shows an economic review by the Metropolitan Chamber of Commerce and Industry (MCCI).

Meanwhile, the 12-month average inflation rate stood at 9.02 percent in the previous fiscal year (FY) while it was 6.15 percent in FY22.

Additionally, net foreign direct investment decreased 11.82 percent year-on-year to \$1.61 billion, the MCCI said in its review for the

April-June quarter of FY23 released yesterday.

The economy showed some signs of improvement in the quarter under review with exports and imports, two important drivers of the economy, having fared comparatively well amid the present situation.

**The MCCI said unemployment and low investment are among other challenges facing the country.**

And although the foreign exchange reserve is still in a somewhat satisfactory position, it is heading in a downward trajectory following notable depreciations of the local currency in recent months.

Besides, Bangladesh's robust recovery from the Covid-19 pandemic has been interrupted by the Russia-Ukraine war, which resulted in supply-chain disruptions, hikes in global

commodity prices and reduced external demand.

Weaker remittance inflow, shortfalls in revenue collection, slow public expenditure, higher inflation and a widening current account deficit also contributed to the declining foreign exchange reserve.

The MCCI said unemployment and low investment are among other challenges facing the country.

As per the review, the performances of selected economic indicators are mixed.

As such, exports may register a decline in July due to the comparatively lower growth of apparel exports. However, it may increase in the next two months, the report said.

Similarly, imports may increase slowly during the January-March period of the current fiscal year.

The foreign exchange reserve will also likely rise during the January-March period of FY24 while inflation can be expected to go down slightly at the same time, the MCCI added.

## Gold hits 1-week low

REUTERS

Gold slipped to a one-week low on Tuesday as investors sought the US dollar after weak data in China, although rising expectations for a pause in interest rate increases by the US Federal Reserve limited losses.

Spot gold dropped 0.4 percent to \$1,930.44 per ounce by 0941 GMT, eyeing its biggest daily decline since mid-August. US gold futures fell 0.6 percent to \$1,956.20.

Making gold more expensive for other currency holders, the dollar gained 0.4 percent to a more than three-month high after data showed China's services activity expanded at the slowest pace in eight months in August.

## No sign

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this fiscal year," he said, adding that the order flow fell in the last three weeks.

"And at the current prices, we are incurring losses sometimes even after adding the government incentive," he added.

Exporters say the main harvesting season for brackish water shrimp, the main variety in Bangladesh, begins in May and they usually get good responses from buyers during this period.

This year though, unfavourable weather and low prices hit the export earnings from frozen and live fish.

Besides, heatwaves in recent months affected the production of shrimp.

But the domestic demand for shrimp is high amid a lack of production of the popular food, said FH Ansarey, president of the agribusiness division of ACILtd, which runs a shrimp processing plant.

"At the current prices in the domestic market, we are incurring losses," he said.

"There is so sign to be hopeful," Ansarey added.

## Corporates, poultry giants expand

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Corporates were filling the void left behind, he added.

"In the last decade and a half, the use of modern machinery has increased in the poultry sector. That increased production, but the number of unemployed people also increased," he said.

"The way corporates are delivering products to consumers, there will be a time when there will be no one in the supply chain between the producer and consumer. There will only be retailers," Mohsin added.

A layer chicken farmer from Sreepur upazila in Gazipur said that local brokers of big wholesalers collected eggs from him. But as costs of production increased and profit margins fell over the past two years, he has scaled down production.

Amanat Ullah, president of the Tejgaon Egg Merchants Association, an association of wholesalers in Dhaka, said a portion of their customers had switched to packaged eggs, negatively impacting their business.

Amanat said wholesalers in Tejgaon used to buy and sell about 3 lakh eggs daily a decade ago. That number has now been reduced to around 80,000 eggs per day, he said, adding that the number of egg traders dipped from 120 about two decades ago to around two dozen at present.

"They have not been able to keep up with the way corporate companies produce eggs and manage supply chains in a well-structured way. That's why they have lost a part of the market," he said.

Pran-RFL's Kamal said claims made by marginal farmers were incorrect.

"The acceptance of corporate companies is increasing day-by-day due to their ability to provide products to customers according to demand," he said, adding that it was not possible for marginal farmers to deliver products to customers

through organised supply chains like large firms.

As a result, profit margins for farmers have decreased and many are unable to survive competition, he added.

Fakhrul Islam, chairman of Rahmania Organic Agro, informed that they ventured into this sector around 2011 and had also increased investment. Currently, his brand sells about 4,000 boxes of organic eggs every day across the country. It was around 2,000-2,500 boxes in 2011.

He said that buyers were unaware of when loose eggs were produced and how long they would last. But in the case of packaged organic eggs, the information is mentioned on the box.

**WHAT DO ANALYSTS SAY?**

Anwarul Haque Beg, professor and chairman of the department of poultry science at Sher-e-Bangla Agricultural University, said it is good news that corporate companies were investing more in the egg market.

However, he was alarmed by the number of small farmers decreasing day by day.

He opined that the government should frame a policy for contract farming because some corporations were preying on the poverty of farmers.

Otherwise, after some time, there will be no balance in the market, Beg added.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said a major reform was needed in terms of market management.

Apart from looking into the supply chain, he believes that reforms could lead to a deeper understanding of why prices of commodities such as eggs often fluctuate.

"Unfortunately, there is no competitive structure in the supply chain in Bangladesh. If there are a large number of producers in the supply chain, there will be competition in the market," Moazzem

added.

He also said big poultry firms were engaged in almost every stage of the poultry value chain, from layer farming and feed production to the retail stage.

As such, they could play a role in controlling the market, he added, stressing the need to recognise dominant players in the market and monitor their activities regularly.

"In the current overall situation, it is time to set a ceiling for sector-wise investment to allow new investors and ensure competition," Moazzem said.

## Islami Bank sees record trade

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A foreign investor is selling shares and a local corporate is taking the stake, the official added.

Recently, Saudi investor Arabsas Travel & Tourist Agency has withdrawn its directorship from the board of Islami Bank Bangladesh PLC.

However, the Saudi investor did not disclose any intention to sell-off its stake.

Sources at the CSE said that Arabsas, which owned 16.09 crore shares of Islami Bank, sold its holdings.

The bank's share trading brought a record for the CSE's turnover as it crossed Tk 533 crore yesterday and its highest ever turnover record was Tk 530 crore on June 21 of 2023, the CSE data showed.

Previously in last June, state-run non-bank financial institution Investment Corporation of Bangladesh (ICB) sold its entire shareholdings in Islami Bank.

ICB held more than 32 lakh shares—which accounted for 2.07 percent of the total shares—worth approximately Tk 109 crore.

## BSEC finalising rules to set up commodity

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After that, commodity exchanges can be opened availing the BSEC's approval, he said.

According to the draft rules, a commodity exchange should have at least Tk 400 crore as paid-up capital and all its brokers will need to keep Tk 10 crore for the same.

If the brokers have branches, then each branch will need to keep an additional Tk 2 crore of paid-up capital.

Earlier in April 2022, the Chittagong Stock Exchange (CSE) signed a memorandum of understanding (MoU) with the Multi Commodity Exchange of India (MCX) appointing it as a consultant to launch the country's first commodity exchange.

The CSE formulated the draft rules with the help of the MCX and submitted it to the BSEC last November. However, the BSEC took 10 months to analyse and publish it to avail public opinion.

The CSE should prepare to file applications as soon as possible once the gazette is published to launch its commodity exchange, Karim said.

Hopefully, it will be possible to launch a commodity exchange within a couple of months, he added.

The port city bourse is fully geared up and prepared to step forward following a time-bound schedule, said Asif Ibrahim, chairman of the CSE.

"Our full attention made it possible for us to submit the draft rules within a very short period of time," he said.

A couple of big commodity trading companies have already approached the CSE to be included in the ecosystem, he said. "It's a big news for the next step of the commodity exchange," he added.

If the gazette comes out without

## 'Bangladesh on right track to become middle income country'

STAR BUSINESS REPORT

Bangladesh is on the right track to become a high middle-income country by 2041, said Souleymane Coulibaly, acting country director for Bangladesh and Bhutan of The World Bank, yesterday.

"Bangladesh is one of the fastest growing economies in the world," he told a discussion on development of microenterprises in Bangladesh organised by Palli Karma-Sahayak Foundation (PKSF), according to a press release.

"I strongly believe that the country is on the right track to become an upper-middle income country by 2041, as Bangladesh has maintained its economic growth over the years despite the Covid-19 pandemic," he said.

Bangladesh needs to invest in microenterprises if the country wants to benefit from the demographic dividend, said PKSF Chairman Qazi Kholiquzzaman Ahmad while presiding over the discussion.

Development of microenterprises requires implementation of capacity enhancement activities along with making financial services available, he added.

PKSF Managing Director Nomita Halder also spoke.

## UNIDO launches project on circular economy value chains

STAR BUSINESS REPORT

The United Nations Industrial Development Organisation (UNIDO) yesterday launched a project titled "SWITCH to Circular Economy Value Chains (SWITCH2CE)" in Bangladesh to steer the textiles and garments sector toward sustainable circular practices.

The UNIDO and the commerce ministry jointly organised the inaugural event at the Westin Dhaka with the presence of industry leaders, government representatives, academia, and international partners, according to a press release.

The event aimed to foster collaboration, highlight project strategies including the model of piloting circular strategies with the private sector, showcase circularity in the textiles and garments industry, and explore policy and knowledge ecosystems, the UNIDO said.

The UNIDO said the environmental concerns associated with textile waste have emerged as a critical challenge.

Addressing this, the global SWITCH2CE project, co-funded by the European Union and Finland government, is poised to pioneer circular strategies across textiles, plastic packaging and ICT and electronics value chains.

any delay, the commodity exchange can be launched within the first quarter of next year, added Ibrahim, who is also a former president of the Dhaka Chamber of Commerce Industry (DCCI).

The draft rules say that the commodity exchange should have strategic investors who will hold at least 10 percent but not more than 25 percent of shares.

Any TREC holder of a stock exchange shall also be eligible to get registration by complying with respective criteria of the rules to carry out business as a commodity broker.

Any corporate body, including existing stock brokers, can be a commodity derivative broker. It should have a separate office, infrastructure, logistics and manpower for operational activities for commodity derivatives dealings.

The commodity exchange's directors or promoters cannot be bank defaulters and will need clearance from Credit Information Bureau (CIB).

Anyone convicted of fraud, breach of trust or a criminal offense or adjudged insolvent cannot be a director or employee.

It should have sufficient financial, human and system resources to establish and operate a transparent and efficient commodity derivative market.

The CEO should have a minimum 15 years working experience in the capital market or commodity derivative market while the chief operating officer five years in the operation of any commodity derivatives market.

If the stock market regulator approves a proposal, the applicant will have to pay Tk 1 crore as registration fee. A commodity exchange will have to pay an annual fee of Tk 20 lakh.