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Ticfa meeting
with US
tomorrow

STAR BUSINESS REPORT

The seventh round of meetings under the Trade and Investment Cooperation Forum Agreement (Ticfa) will begin in Dhaka tomorrow, Senior Commerce Secretary Tapan Kanti Ghosh said yesterday.

It will discuss a wide range of trade and investment issues such as duty, labour rights, trade unionism and market access, he told a group of journalists at his Bangladesh Secretariat office in Dhaka.

The information was shared after a preparatory meeting for the Ticfa talks with a team of United States Trade Representative (USTR), the chief trade negotiation body of the American government.

On November 25, 2013, the US and Bangladesh signed Ticfa to establish an annual forum to identify and address obstacles to increasing bilateral trade and investment.

Agenda of the
Ticfa meeting
includes market
access and
labour rights

Bangladesh will again demand duty-free market access of its apparel made from cotton imported from the US, said Ghosh.

Bangladesh wants the US customs to impose duty only on portions where value addition has occurred, not on the whole export value of the apparel product, he said.

For instance, if cotton imported from the US is used to manufacture a garment item in which the value addition amounts to Tk 20, Bangladesh will seek for duty to be imposed on that Tk 20 portion, not on the price of the whole item, he explained.

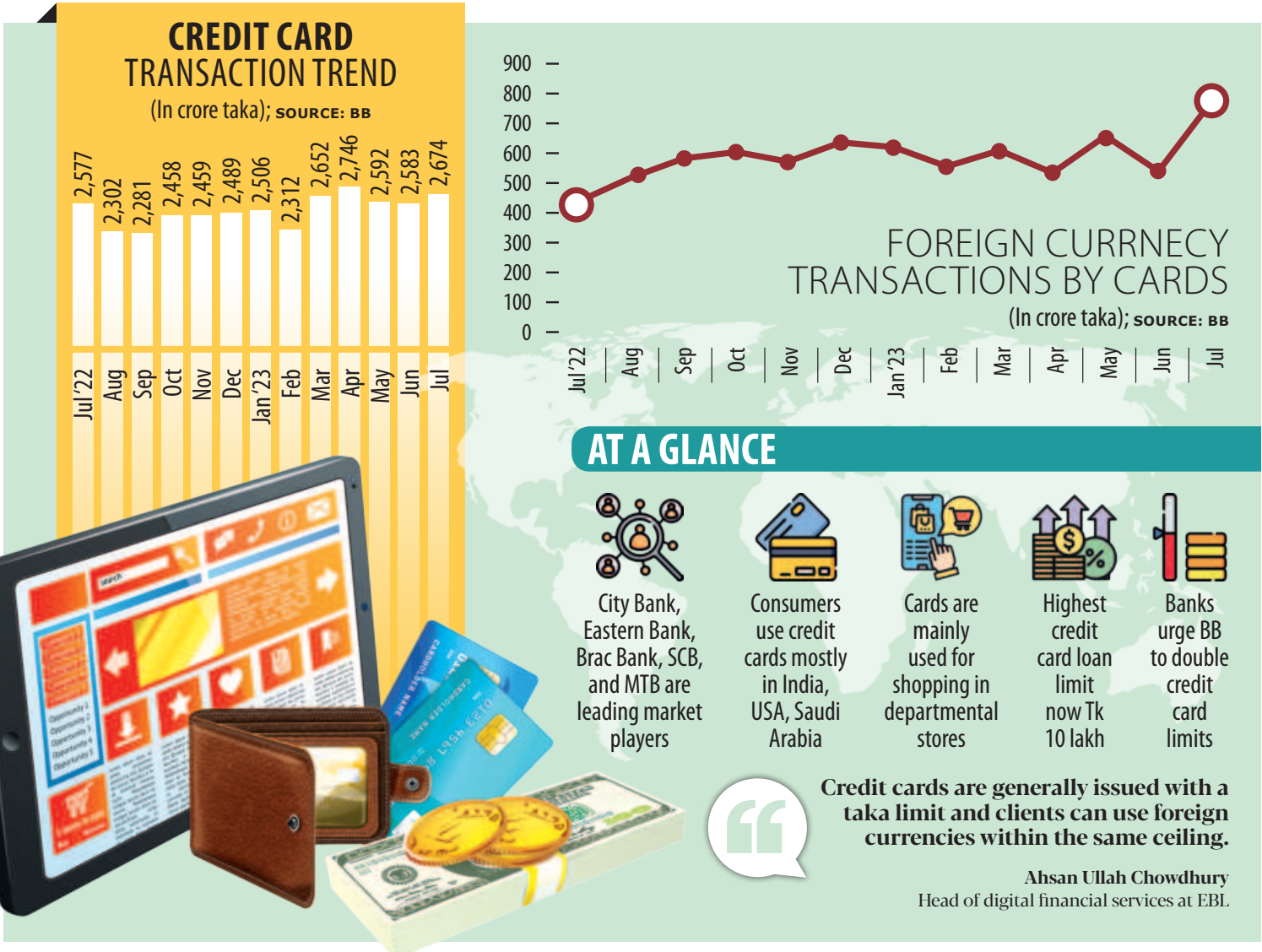
Bangladesh exported nearly \$10 billion-worth garment items to the US last year.

Currently Bangladeshi exporters face a 15.62 percent duty on the export of apparel to the US.

The issue of the revival of Generalised System of Preferences (GSP), that was suspended for Bangladesh in June 2013, will also be discussed during the meeting, said Ghosh.

Moreover, the country

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Mighty dollar squeezes int'l purchases thru credit cards

MD MEHEDI HASAN

The foreign exchange crisis in Bangladesh has dealt a blow to credit card users as the sharp appreciation of the US dollar against the taka has narrowed their scope for foreign purchases through cards.

Industry insiders say the amount of USD that can be spent using credit cards has decreased due mainly to the depreciation of the local currency against the American greenback.

Almost all major currencies have gained significantly against the taka in the last one and a half years amid the significant depletion of the foreign currency reserve.

For instance, the dollar traded at Tk 110 on Sunday, up from Tk 106.60 on the same day last year and Tk 85.20 in 2021.

A client who uses a credit card issued by Eastern Bank Ltd said the availability of dollars against his credit card has declined recently.

The private commercial lender communicated this to him earlier this month, saying the decreased amount is due to the higher taka-USD conversion rate. However, the total assigned limit will remain unchanged, it said.

The notice warned the cardholder that if the USD outstanding

exceeds the new limit, a fee might be imposed automatically.

A credit card user of Mutual Trust Bank says he has already crossed his credit card transaction limit due to the higher conversion rate.

The two are among a huge number of credit card-holders who go abroad regularly and purchase products in US dollars and have been impacted by the

weak taka.

EBL has already requested the central bank to raise the credit card loan limit.

In 2017, the Bangladesh Bank doubled the limit to Tk 10 lakh.

Banks are authorised to provide an additional credit facility of Tk 10 lakh, but it can't exceed Tk 25 lakh. The excess credit will have to be backed by liquid securities such as fixed deposits or foreign currency

accounts.

EBL, one of the leading players in the credit card segment, has around two lakh card-holders and its outstanding loans against the cards stand at Tk 750 crore.

"Credit cards are generally issued with a taka limit and clients can use foreign currencies within the same ceiling," said Ahsan Ullah Chowdhury, head of digital financial services at EBL.

However, credit card use domestically has increased owing to an erosion of the purchasing power of consumers in recent months amid higher inflation, bankers say.

Inflation advanced 23 basis points in August to 9.92 percent propelled by food inflation, which hit a 12-year high, data from the Bangladesh Bureau of Statistics showed.

Consumer prices have remained at an elevated level for more than a year.

Ahsan said purchasing products or paying bills using credit cards gives some breathing space to people at a time of economic crises.

"So, this is high time to increase the credit card loan limit since the existing ceiling is not enough for clients considering higher inflation and the USD rate."

Md Abu Bokar Siddik, head of the card division at Mutual Trust Bank, also said customers can now use a lower amount of US dollars than in the past.

The private commercial lender has 1.17 lakh cards in the market, which places it among the top five players in the segment.

Despite the higher exchange rate, the number of credit card-holders and the amount of transactions is growing.



Nantu Sarder fabricates a trolley for a band saw machine, which is principally used in woodworking, metalworking, and lumbering, but may cut a variety of materials. A craftsperson can create the whole setup in around 40 days, receiving around Tk 31,000 for the effort from the shop owner. The photo was taken next to Banaripara upazila launch terminal in Barishal last week.

PHOTO: TITU DAS

FBCCI worried
over rising
interest rate
Seeks cooperation from
central bank

STAR BUSINESS REPORT

The Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) has sought cooperation from the central bank so that the interest rate on loans does not increase by a large margin.

A delegation of the apex chamber of the country led by its President Mahbubul Alam made the request in a meeting with Bangladesh Bank Governor Abdur Rouf Talukder at the central bank headquarters yesterday.

Talking to reporters after the meeting, the FBCCI chief said that the interest rate on loans continues to rise after the withdrawal of the rate cap.

In June, the central bank scrapped the interest rate ceiling and adopted a new interest rate regime, which came into effect on July 1.

Under the new interest rate-setting system, the lending rate for banks is determined at SMART (six-month moving average interest rate) plus a margin of up to 3 percent.

The reference lending rate is fixed on the basis of the 182-day treasury bills and announced on the first working day of each month.

FBCCI president said that the
interest rate on loans continues
to rise after the withdrawal of
the rate cap

The applicable interest rate on loans stood at 10.14 percent in September as the SMART is 7.14 percent. The benchmark lending rate was 7.10 percent in June and July.

Borrowers enjoyed a 9 percent cap on most loans between April 2000 and June this year.

According to an analyst, the central bank controls the interest rates of T-bills and T-bonds since it can quote lower rates compared to commercial banks during the auctions of government securities.

"We are very concerned about the rising interest rate. Thus, we sought cooperation from the Bangladesh Bank so that it does not increase too much," Alam said.

He said businesses are finding it difficult to

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STOCKS			
DSEX	CASPI		
FLAT	0.01%		
6,310.97	18,646.99		

COMMODITIES			
Gold	Oil		
\$1,927.35	\$91.53		
(per ounce)	(per barrel)		

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.36%	▲ 1.10%	▼ 0.53%	▲ 0.26%
67,596.84	33,533.09	3,263.39	3,125.93

Little-known Himadri's
stocks most expensive
Cross all big companies

AHSAN HABIB

Although Reckitt Benckiser (Bangladesh) PLC, with renowned household brands such as Mortein, Dettol and Harpic, is light years ahead of little-known cold storage Himadri Ltd in terms of business performance, their stocks prices belie the real scenario.

At present, the Himadri stocks are of the highest price in the Bangladesh market.

Yesterday they rose 10 percent to Tk 6,474 at the SME board of Dhaka Stock Exchange (DSE).

Meanwhile, the Reckitt stocks were traded at Tk 4,820.

The Reckitt provided a 980 percent cash dividend in 2022 while the Himadri 10 percent.

The price-to-earnings ratio, which measures current share price relative to earnings per share, of the Reckitt was 38 as on September 11 while for the Himadri it was 1,020.

"The share price of Himadri Ltd is rising mainly due to the fact that it has a small number of shares," said Ali Xahangir, chief executive officer of amarstock.com, a stock market data provider.

Himadri Ltd's paid-up capital is Tk 75 lakh and it has a total of 7.5 lakh shares, of

which 65 percent are held by sponsors and directors, 148 percent by the government and the rest by general investors.

"With such a small free float, any investor will be attracted to keep the shares make use of any demand-supply mismatch to fuel its price at any time," he said.

In the meantime, if any rumour starts circulating regarding the company, the share price will obviously rise, he said.

When the company was allowed to

At present, the Himadri
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return to the SME board from the previous over-the counter market, it should have been compelled to raise its paid-up capital, Xahangir added. In September 2021, Himadri Limited was shifted from the OTC market to the SME platform.

Irrespective of any logic, the company's share price should not be that high and that too more than such a world-renowned company like the Reckitt, said a top official

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