

DSE index, turnover fall on news of US visa restriction

STAR BUSINESS REPORT

Bangladesh's stock market fell yesterday on the first day of trade after the US imposed a visa restriction.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), stood at 6,280 at the end of the trading hours yesterday, dropping 28 points, or 0.45 percent, from that on the previous day of trade.

The blue-chip index of the bourse, DS30, fell 9 points, or 0.43 percent, to 2,136.

At the DSE, 12 stocks advanced, 148 declined and 150 remained unchanged. Turnover of the stock exchange fell 32 percent to Tk 500 crore.

A top official of a stock brokerage firm, preferring anonymity, said the drop of the stock market index was an impact of the US visa restrictions on the confidence of the investors.

On Friday, the US Department of State said it took steps to impose visa restrictions on Bangladeshi individuals responsible for, or complicit in, undermining the democratic election process in Bangladesh.

The policy mainly spooked the institutional investors over growing apprehensions that the political situation could deteriorate.

Following the imposition of floor price, the political uncertainty is drawing the confidence of investors, he said.

At the end of July last year, the Bangladesh Securities and Exchange Commission set the floor price of every stock to halt the free fall of the market indices amid global economic uncertainties.

So, the market index dropped. As the floor price has remained in effect, the index did not fall further, added the brokerage official.

Stocks of Agrani Insurance Company Limited dropped the most, by 11 percent, followed by Miracle Industries Limited (9.9 percent) and Tosriya Industries Limited (9 percent).

Trade of Fu-wang Foods Ltd stocks amounted to Tk 22 crore, the highest among all the stocks.

The CASPI, the main index of Chittagong Stock Exchange (CSE), fell 68 points, or 0.36 percent, to 18,595. Turnover of the CSE fell 66 percent to Tk 8 crore.



Mohammad Ali, managing director and chief executive officer of Pubali Bank, speaks during a product campaign event at the The Daily Star Centre in Dhaka yesterday. He said the bank had combatted the ongoing foreign currency crunch by introducing timely restrictions.

PHOTO: STAR

BSCCL to issue shares to govt at Tk 75 each

Against Tk 166 crore investment from the government

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Bangladesh Submarine Cable Company Limited (BSCCL) is going to issue 2.21 crore ordinary shares worth Tk 166 crore to the government, which provided the fund as share money deposit when the second submarine cable was set up.

The relevant division of the government has given consent for the issuance of the ordinary shares in favour of the secretary of the posts and telecommunications division, said the state-run enterprise in a filing on the Dhaka Stock Exchange (DSE).

Each share will be valued at Tk 75. Of the sum, Tk 10 will be in the form of face value and Tk 65 in premium.

Shares of BSCCL closed unchanged at Tk 218.90 on the DSE yesterday.

Currently, the number of outstanding shares of the company available for trade on the premier bourse of the country is 16.49 crore.

The submarine cable company received Tk 140 crore from the government in the financial year 2015-16 under a project to install and establish the second submarine cable. In 2016-17, the company got Tk 26 crore for the same project.

The money was taken as equity with the condition that the amount would be converted into equity capital in favour of the posts and telecom ministry by issuing shares, said Md Abdus Salam Khan, company secretary of BSCCL, yesterday.

"So, the government is getting 2.21 crore shares."

Currently, the number of outstanding shares of the company available for trade on the premier bourse of the country is 16.49 crore

To set an appropriate share price, the government had appointed ICB Capital Management for an independent recommendation.

The fund from the government was used for the installation and establishment of the second submarine cable system (SMW-5) under the Regional Submarine Telecommunications Project.

The South East Asia-Middle East-Western Europe 5 (SMW-5) is an optical

fibre submarine communications cable system that carries telecommunications between Singapore and France.

BSCCL is the only company that connects the country with the global bandwidth network through undersea cables. It supplies 2,300 Gbps while the rest comes from India through seven international terrestrial cable service providers.

Bangladesh is a member of the South East Asia-Middle East-Western Europe 4 (SEA-ME-WE 4) consortium, the first undersea cable with which the country was connected in 2006. It supplies about 800 Gbps bandwidth.

The state-run entity supplies 1,500 Gbps through the SEA-ME-WE 5, for which the connection was established in 2017.

In Bangladesh, bandwidth usage surged to more than 4,800 Gbps in May this year from 1,000 Gbps before the coronavirus pandemic, driven by a jump in consumption during the health-related crisis, which forced people to turn to internet to work, study and find entertainment at home.

The company is set to receive 13,200 Gbps from the third undersea cable, SEA-ME-WE 6, by 2025.

Timely steps alleviate forex crunch of Pubali Bank

Its MD says

STAR BUSINESS REPORT

Pubali Bank Limited has successfully dealt with the ongoing foreign currency crunch courtesy of timely restrictions on the import of luxurious items, foreign fruits and ornaments, said the top official of the private commercial lender.

"To overcome the foreign currency crunch, we took some decisions. And we were strict," said Mohammad Ali, managing director and chief executive officer of the bank.

"We did not allow the opening of letters of credit (LCs) for luxurious cars, foreign fruits, imitation ornaments, cosmetics, etc."

Ali added that the bank had only allowed the imports of dates in Ramadan.

"As a result, we have saved some dollars."

Ali made the comments yesterday at a product campaign event at the AS Mahmud Seminar Hall at The Daily Star Centre. He added that the bank had also combated non-performing loans (NPLs), which stood at 54 percent in 1985.

"In the last month, we had only 2.12 percent NPLs. It was 2.6 percent in December last year."

Despite the global situation, the bank's operating profit has grown over 25 percent, he added.

Around 9,000 employees work for the bank.

"We have endeavoured to build an ethical and safe banking system. This achievement reflects our commitment to good governance and relentless growth," he added.

"One of the partners in our success is our valued customers. Pubali Bank's experience, values, and ethics motivate us to make decisions based on the best interest of the customers."

Pubali Bank also inaugurated an ATM booth near The Daily Star Centre.

BTMA president re-elected unopposed

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Mohammad Ali Khokon, chairman of Maktsons Group, has been re-elected unopposed as the president of Bangladesh Textile Mills Association (BTMA) yesterday for the 2023-25 tenure.



Abul Bashar, chairman of the election commission, announced the name of the president, three vice-presidents and 23 directors who were elected unopposed, the BTMA said in a statement.

Three vice-presidents are Md Fazlul Hoque from the yarn manufacturing category, Md Fayazur Rahman Bhuiyan from the fabrics manufacturing category and Md Saleh Zaman Khan from the dyeing printing category.

BGMEA demands fair price from buyers

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The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday urged members of Action, Collaboration, Transformation (ACT) for fair pricing and ethical sourcing of garment items from Bangladesh.

The BGMEA made the demands in a letter sent to ACT, a joint initiative between 19 international garment brands and retailers and IndustriALL Global Union which aims to support the development of living wages in the RMG sector.

BGMEA President Faruque Hassan made the

statements in a letter in reply to a letter ACT had sent the BGMEA last week.

In the letter, Hassan said international retailers and brands should pay a fair price, considering the workers' standard of living, cost of living and inflation.

"Therefore, we would urge you to engage with global brands, retailers and their representatives, urging them to be more empathetic and rational on pricing and sourcing practices," Hassan said.

Hassan said they had been working relentlessly to improve skills and efficiency among workers. Such initiatives should have broader collaboration so that workers become

more empowered and add more value to their factories, he said.

The Minimum Wage Board for garment workers is reviewing the current minimum wages. The board has already held several meetings and is currently consulting with different stakeholders. They are visiting factories and discussing with workers and owners.

"I believe a new minimum wage will be declared before the end of this year. There will be a rational adjustment if we look at the trend of previous reviews as well as the aggregate inflation over the past five years," he said.

"In fact, in today's

world there is no respite from inflation, be it in Bangladesh or any country around the world. Moreover, you may know that since 2013 the minimum wage gazette makes it mandatory to give a 5 percent annual increment on base wage (which increases after adding other allowances)," he added.

"So their wages are increasing automatically every year. The Minimum Wage Board is an independent body, with equal representation from workers, owners and independent groups. It works independently, so it's difficult for me to speculate about the hike in wage."

Forex holdings in banks fall in August

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Foreign Exchange Dealers Association (Bafeda) and the Association of Bankers, Bangladesh (ABB) have been fixing the US dollar rate since last year as per unofficial directives of the central bank.

On August 31, they decided to buy the US dollar at Tk 109.50 and sell them at Tk 110 from the first working day of this month.

The chief executive of the private bank said they

are not getting the US dollar at the Bafeda-ABB fixed rate because the korb market was offering a higher rate.

The country's banks are facing a crisis of the US dollar as the exchange rate has been fixed, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Remittance and export earnings are the two main sources of the US dollar but both are not doing well now, said the economist.

US wants govt action

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face when registering unions and stressed the importance of ensuring a simplified and impartial trade union registration process that allows applications to be registered within the legal timeframe.

Additionally, the US urged Bangladesh to dedicate more resources to labour inspections and enforcement.

The statement appreciated the government of Bangladesh's consistent dialogue over the past year on the development of the Data Protection Act (DPA).

Both sides affirmed their commitment to the protection of personal data and ensuring that Bangladesh's digital sector continues to thrive.

The US welcomed the latest draft of the DPA, which incorporated improvements from earlier versions, including the removal of criminal penalties, restricting the scope of the DPA to personal data, and limiting application to firms that process personal data within the territory of Bangladesh.

It applauded

Bangladesh's actions aimed at removing the long-standing cotton fumigation requirement for American cotton exports and for revising the seed law to reduce the number of years a company needs to hold a seed dealer licence.

The US and Bangladesh cooperated on agricultural biotechnology dialogue and look forward to deepening their engagement this year, the statement said.

Both countries recognised the importance of the protection and enforcement of intellectual property (IP) to protect innovation across economies.

The US also reiterated its interest in engaging with Bangladesh on the ongoing processes for amendments to IP-related laws and regulations, including the Copyright Act Amendments, the Industrial Designs Act, the Patent Bill, and implementing regulations and IPR enforcement (import and export) rules.

The next TICa Council meeting will take place in Washington DC in 2024.

Will Bangladesh benefit from trade in rouble?

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the US dollar. It has already started doing so with India in the rupee.

But the same might not be possible in the case of Russia at present since the country's rouble holding is negligible, according to economic experts and bankers.

A senior official of the central bank, seeking anonymity, told The Daily Star that Bangladesh banks will now be able to trade in the rouble in two ways.

One of the ways is that the central bank may announce the rouble as a convertible currency. Another way is for local banks to perform bilateral trades in the Russian currency on a one-to-one basis, he informed.

Currently, local businesses are allowed to settle their foreign trade in eight currencies:

the US dollar, Canadian dollar, Australian dollar, Singaporean dollar, the euro, the pound, Swiss franc and Chinese yuan.

On a one-to-one basis, the central bank of Bangladesh can select one or two local banks and Russia will have to select one or two of its banks. The selected banks then will be able to trade in the currency.

On July 11, Bangladesh and India started to trade in the rupee on a one-to-one basis.

But because of the war-related western sanctions on Russia, Bangladesh's trade with the country has already been affected.

Soon after the war broke out, SWIFT asked Bangladesh's banks to suspend transactions with seven Russian lenders since

they were facing sanctions from the United States and the European Union over Moscow's invasion of Ukraine.

As a result, local banks have been unable to do business with the Russian lenders either directly or through a third party.

The sanctions hit Bangladesh's growing bilateral trade with Russia.

Two-way trade between Bangladesh and Russia was worth more than \$1 billion before the conflict, with exports from Bangladesh standing at \$665 million in the fiscal year of 2020-21.

Bangladesh's exports to Russia slipped to \$460.39 million in the last fiscal year from \$638 million in 2021-22.

Syed Mahubur Rahman, managing director of Mutual Trust Bank, said: "There is

no scope to benefit from the trade in the rouble because we have no export earnings in the currency."

He said that exporters and importers are not interested in carrying out trades in the Chinese yuan despite it being a convertible currency.

"Why will then they trade in the rouble?"

Most of the exports to Russia are taking place through third countries, meaning Bangladesh is not getting the rouble as export proceeds, industry people say.

Around 90 percent of foreign trade in Bangladesh is conducted through the US dollar while the rest is through other foreign currencies, bankers said.

Although the use of other currencies continues to rise, the growth is not

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BIOXIN brings premium BIO-HYDRA facial technology

BIOXIN Cosmetics brought premium BIO-HYDRA facial technology for the first time in Bangladesh. State-of-the-art BIO-HYDRA technology consists of four specialized handpieces. As a result, it is possible to maintain the cleanliness and vitality of the skin according to the customer's needs, the company said.

Zahedul Hoque, CEO of BIOXIN introduced the new technology in the presence of social media influencers at the head office of BIOXIN in Mirpur of the capital on Saturday. General Manager of Eunsung Global Corp. Mr. Tony Won, Trainer Ms. Youna Yang, and many popular celebrities are also present there.