

# Star BUSINESS



## ‘Wide gap in exchange rates hurts remittance’

**MD MEHEDI HASAN**

The wide difference between the formal and informal exchange rate of the US dollar is a major reason behind the fall in remittance despite a record outflow of migrant workers, said Ali Haider Chowdhury, secretary general of the Bangladesh Association of International Recruiting Agencies (Baira).

“Most of the workers are interested in sending money through informal channels because it is easier and offers higher rates than in the formal platform,” he said in an interview with The Daily Star yesterday.

Chowdhury, also a director of East West Human Resource Center Ltd, said when banks are offering Tk 110 to Tk 111 per US dollar to remitters, beneficiaries get Tk 117 to Tk 118 when the fund is transferred through informal channels.

So, he called for fixing the US dollar rate in line with the informal exchange rate, otherwise, it would be difficult to tackle the falling trend of remittance through formal channels.

Beneficiaries of wage earner remitters receive a 2.50 percent cash incentive on top of the market-determined exchange rate for any amount of remittance inflow. The documentation requirement for amounts exceeding \$5,000 has been eliminated.

According to Chowdhury, they request workers to send money through banking channels when they depart.

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## Banks’ CSR spending falls 9%

### STAR BUSINESS REPORT

Expenditure related to corporate social responsibility (CSR) among the country’s banks fell by 9.22 percent in the first half of this year compared to the same period last year.

From January to June this year, CSR expenditure of the country’s 61 banks stood at Tk 571 crore, down from Tk 629 crore in the same period last year, as per the latest data from Bangladesh Bank (BB).

Bankers said that slow growth in profits amid the ongoing economic crisis was the main reason for the reduction.

During the first half of this year, profits of 35 listed banks in Bangladesh dropped 9 percent year-on-year to Tk 4,160 crore.

Banks face a number of challenges at present, including high non-performing loans (NPLs), liquidity shortage and a lack of corporate governance, which led to reduced CSR expenditure as per bankers.

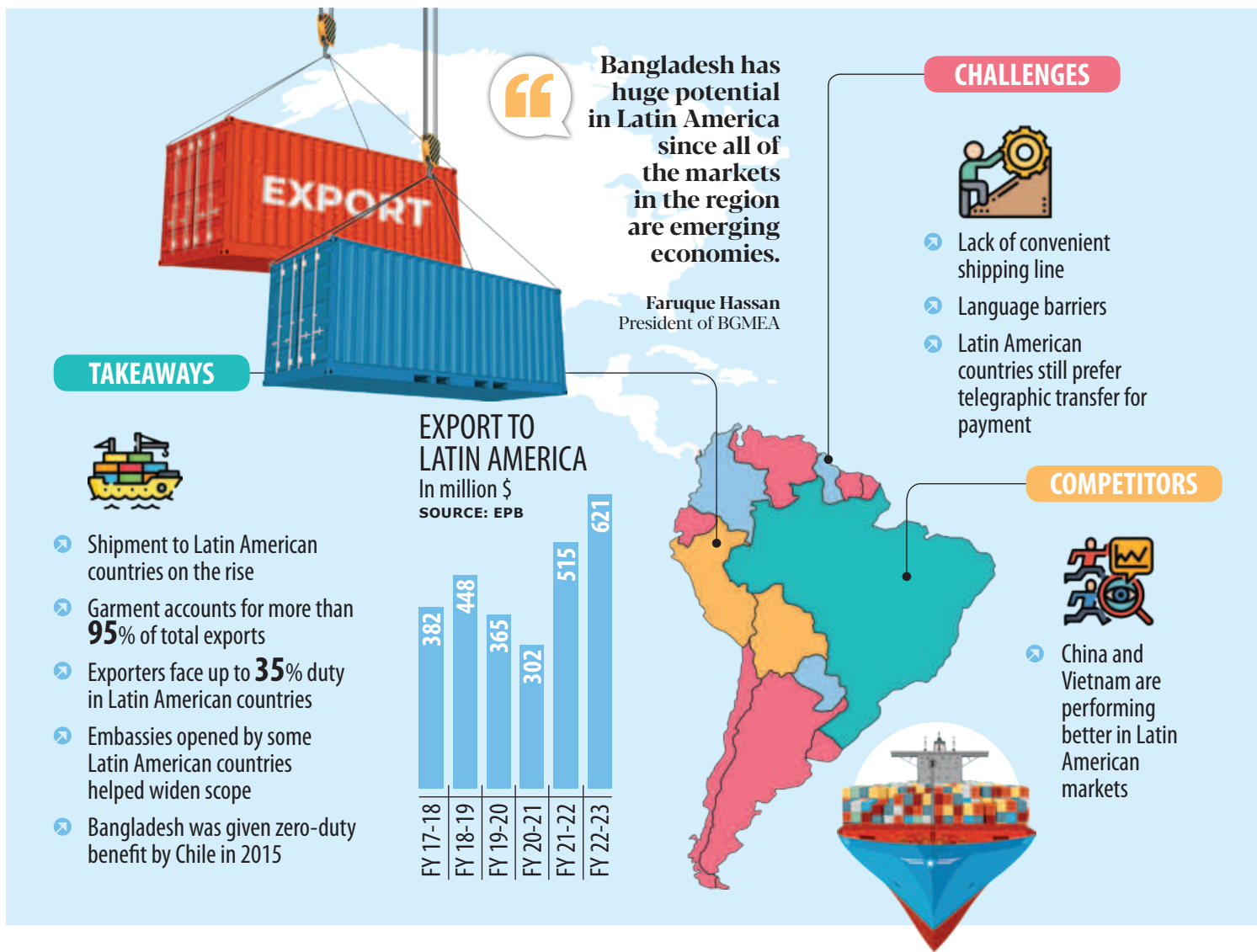
Till March of this year, NPLs stood at Tk 1,31,620 crore or 8.80 per cent of the total disbursed loans, which is a 16.02 percent increase year-on-year, as per BB data.

Private commercial bank Dutch-Bangla Bank had the highest CSR expenditure in the first half of this year, spending Tk 61.32 crore. The bank spent Tk 39 crore on CSR expenditure in the same period last year.

Islamic Bank Bangladesh spent only Tk 46 crore on CSR-related expenses this year compared to last year, when it had spent Tk 202 crore, the most among banks.

Elsewhere, Al-Arafah Islamic Bank spent Tk 42 crore, Shahjalal Islamic Bank Tk 38 crore, Jamuna Bank Tk 38 crore, Mercantile Bank Tk 35 crore,

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## Latin America turning into major export market

### REFAYET ULLAH MIRDHA

Latin America is turning into a major export destination for Bangladesh riding on higher apparel shipments at competitive prices as part of the country’s efforts to diversify.

Local exporters are performing strongly in the markets of 66 crore consumers in more than 25 countries despite as high as 35 percent duty on the shipment of goods.

The upward trend in the trade has been driven by the opening of embassies by a couple of countries, growing network between trade bodies, and the awarding of zero-duty benefits to Bangladesh by Chile.

Bangladesh’s merchandise shipment to Latin American countries grew 20.51 percent year-on-year to \$621.27 million in the fiscal year of 2022-23, according to data from the Export Promotion Bureau. It was \$515.50 million in FY2021-22.

In the first two months of the current fiscal year, export receipts stood at \$107.75 million.

The Latin American nations, especially Brazil and Argentina, are also becoming key suppliers of cotton, maize, oil seeds and sugar.

Brazil and Argentina,

two major economies in the region, have set up full-fledged embassies in Bangladesh recently to facilitate trade and investment.

Md Anwar Shawkat Alfer, president of the Latin America-Bangladesh Chamber of Commerce and Industry, says the

positioned to supply goods in line with their fashion and style,” said Shams Mahmud, managing director of Shasha Denims Ltd.

Shasha Denims, one of the largest garment manufacturers in Bangladesh, used to ship denim fabrics to Latin American

were \$1,210 billion in 2021, data from the World Bank showed. The United States, China, Brazil, Germany and South Korea were top exporters.

Of the sum, textiles and clothing imports amounted to \$38.37 billion with China, the United States, India, Honduras and Vietnam being the top suppliers.

In the same year, the region imported footwear items worth more than \$6.22 billion. Key suppliers were from China, Vietnam, Brazil, Indonesia and the US.

Since China is a major supplier to the region, Bangladesh has the opportunity to capture a major market share in the areas where the Chinese stake is falling owing to higher production costs, said a businessman.

“Bangladesh has huge potential in Latin America since all of the markets in the region are emerging economies,” said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association.

In the past, a number of garment exporters led by Hassan went there to explore trade opportunities.

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export of goods from Bangladesh to Latin American countries was insignificant even a few years ago.

“Now, the volume is growing at a faster rate as networking is expanding.”

Apart from garment items, the shipment of other goods like jute and jute goods, plastic goods, medicines, and leather and leather goods is increasing.

“Latin America is a very big market for Bangladesh’s garment and textile sector as local manufacturers are well-

countries such as Guatemala and Colombia before Covid-19.

Asif Ashraf, managing director of Urmi Group, says Latin America has a big potential for Bangladesh.

Bangladesh has been enjoying zero-duty benefits in Chile since 2015. The country’s move has helped a lot to explore the markets in the region, Alfer said, adding that Brazil is negotiating to export beef to Bangladesh.

Overall imports for Latin America and the Caribbean

Due to a rise in seed import costs and lower supply, winter vegetable saplings have become four to five times costlier this year



Story on B4

## Paperfly likely to shut down

### MAHMUDUL HASAN

One of the post-pandemic period’s top logistics firms, Paperfly is poised to close down having stopped accepting orders since last week, in a grim reminder of the current challenges faced by Bangladesh’s e-commerce sector.

“The company has stopped taking new orders since last week. After talking to the board, the management will take further steps,” the company said in a statement to The Daily Star yesterday.

Paperfly is in a dire cash crunch due to non-arrival of funds on time and for not getting several fixed deposits from CVC Finance Limited, it added.

Md Mamunur Rashid Molla, managing director and CEO of CVC Finance Limited, acknowledged that Paperfly had kept some funds with them.

Paperfly reached out to Bangladesh Bank over the encashment issue and afterwards CVC Finance Limited has been paying the company in regular instalments and most of the funds has been transferred, he said.

According to a top official of Paperfly, there is a very high possibility of the company having to completely shut down.



This is also bad news for its over 700 employees who would inevitably lose their jobs.

“We haven’t informed them of anything and the office is running as usual. After the board meeting, we will decide what to do next,” said the official wishing anonymity.

Paperfly was supposed to get a round of funding in January from Ecom Express, one of the leading tech-based e-commerce logistics solutions providers in India which owns over 80 percent stakes of the company, said the official.

It has not come, he said, adding, “So, we have been slowly scaling down our operations since then. And now we are only delivering the pending orders.”

Founded in February 2016 by four individuals – Shahriar Hasan, Razibul Islam, Rahath Ahmed and Shamsuddin Ahmed, the company had set foot in almost every union in Bangladesh by early 2021.

During the pandemic, it witnessed a massive rise in delivery requests.

Before the pandemic, Paperfly made more than 9,000 deliveries per day.

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STOCKS			WEEK-ON WEEK
	DSEX ▼	CASPI ▼	
	0.40%	0.44%	
	6,284.63	18,580.58	

COMMODITIES			AS OF FRIDAY
	Gold ▼	Oil ▼	
	\$1,848.82	\$90.78	
	(per ounce)	(per barrel)	

ASIAN MARKETS					FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
	▲ 0.49%	▼ 0.04%	▲ 0.32%	▲ 0.10%	
	65,828.41	31,857.62	3,217.41	3,110.48	



This market for bamboo sits every Wednesday on the bank of the Atai river in Chandrapur at Jashore’s Abhaynagar upazila, with traders floating the hollow plant in bundles from upstream to transport them to this spot. Used for numerous purposes from construction to handicrafts, this versatile material can sell for anywhere from Tk 10,000 to Tk 25,000 per 100 pieces, depending on the quality. The photo was taken last week.

PHOTO: HABIBUR RAHMAN

## Cloud tech can enhance efficiency of banks

### Experts say

### STAR BUSINESS REPORT

Bangladesh’s banking and financial sector can maximise their operations exploring the vast potential of cloud-based technology integration, according to experts.

However, this move presents both challenges and opportunities for the industry, with a focus on human resource upskilling and the readiness of software technology at its core, they said.

They were speaking at a workshop on “Banking, Financial Services, and Insurance Cloud and Cyber Security” organised by Felicity IDC Limited at The Westin Dhaka yesterday.

Data security remains a paramount concern and the sector is actively exploring flexible and robust solutions to

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## StanChart, CNRS to help boost aquaculture productivity

STAR BUSINESS DESK

Standard Chartered Bangladesh recently launched a joint initiative with the Center for Natural Resource Studies (CNRS) to boost the availability and accessibility of high-quality fish spawn, specifically Generation 3 Rohu, for 2,000 aquaculture farmers residing along the southern coast of the country.

G3 Rohu, an abundantly cultured carp species in Bangladesh, is a genetically improved high-yield strain of the economically and culturally significant species.

As part of the initiative, 30 tonnes of G3 Rohu fingerlings will be distributed to selected beneficiaries, enabling 2,000 farmers from two south-western divisions to produce approximately 600 tonnes of harvestable G3 Rohu each year.

Naser Ezaz Bijoy, chief executive officer of the bank, and M Mokhlesur Rahman, executive director of the CNRS, inked a deal to this end, said a press release.

“Standard Chartered is proud to collaborate with CNRS to increase the participation of our nation's climate impacted farmers while also helping to ensure food and nutrition security by making fish more abundant and accessible,” said Naser.

“We appreciate Standard Chartered Bangladesh for investing to support poor aquaculture farmers living on the frontlines of climate-induced threats with appropriate technologies which will ensure availability of animal protein to address malnutrition and reduce stunting among children and make higher economic returns,” said Rahman.



PHOTO: STANDARD CHARTERED BANGLADESH

**Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, and M Mokhlesur Rahman, executive director of the Center for Natural Resource Studies, exchange signed documents of an agreement recently on assisting climate-affected farmers of the southern coastal areas of the country.**



**Tareq Refat Ullah Khan, deputy managing director and head of corporate banking of Brac Bank, and Muhammad Abdul Matin, registrar of Stamford University Bangladesh, exchange signed documents of a memorandum of understanding on banking services at the university's Siddheshwari campus in Dhaka recently.**

PHOTO: BRAC BANK

## Komatsu, DIMO ink distributorship agreement

STAR BUSINESS DESK

Komatsu, a construction and mining equipment manufacturer of Japan, has signed a distributorship agreement with DIMO, a diversified industrial group in Dhaka, for sales and servicing of earthmoving equipment such as bulldozers, hydraulic excavators, motor graders and wheel loaders for the Bangladesh market.

Kazuma Nakanishi, group manager of Komatsu, and Yasunori Fujii, managing director of Komatsu India Private Ltd, exchanged copies of the distributorship agreement with Gahanath Pandithage, group chief executive officer, and Chaminda Ranawana, executive director of DIMO in Bangladesh, at Radisson Blu Dhaka Water Garden in the capital city recently.

Fahd Alam Raad, director of NDE Infrastructure Ltd in Bangladesh, was also present at the signing ceremony, said a press release.

DIMO is expanding its presence across Bangladesh by offering world-class Komatsu machines through its strong and dynamic sales-cum-product support team, it said.



**Kazuma Nakanishi, group manager of Komatsu Ltd in Japan, and Yasunori Fujii, managing director of Komatsu India Private Ltd, Gahanath Pandithage, group chief executive officer of DIMO in Bangladesh, and Chaminda Ranawana, executive director, pose for photographs after signing an agreement at Radisson Blu Dhaka Water Garden in the capital recently.**

PHOTO: KOMATSU



**Ataur Rahman, secretary general of ICC Bangladesh, and Mohammad Rafiqul Islam, vice-president of Prime Bank, pose for photographs with participants of a workshop on "Combating Financial Crimes: Means, Ways & Redress in Chattogram" in the port city recently. A total of 58 participants from 20 banks, four from Karnaphuli Fertiliser Company and four officials of Eastern Bank, attended the workshop.**

PHOTO: ICC BANGLADESH



PHOTO: CITIZENS BANK

**Towfika Aftab, chairperson of Citizens Bank, presides over the bank's 2nd annual general meeting at its head office in Dhaka yesterday. Among others, Anisul Huq and Rakibul Islam Khan, sponsor shareholders of the lender, and Mohammed Iqbal, Mukhlesur Rahman, Masuduzzaman, Tajkia Rahman, Mohammad Abdul Salam, Chowdhury Mohammed Hanif Shueb, SM Shofiqul Hoq, SK Md Iftekharul Islam, Zebunnessa Begum Huq and Shafia Alam, directors, NKA Mobin, independent director, and Mohammad Masoom, managing director, attended the meeting.**

## Dollar on track for best quarter in a year

REUTERS, New York/London

The dollar was on track to post its biggest quarterly gain in a year on Friday and gains for the 11th consecutive week as investors priced in the likelihood of a still solid economy and higher rates for longer.

The greenback retraced most earlier losses against a basket of currencies to be only slightly lower on the day, following data that showed that US consumer spending increased in August, but underlying inflation moderated, with the year-on year rise in prices excluding food and energy slowing to less than 4.0 percent.

“Prices are higher on a monthly basis, but overall, inflation is moving lower. It's good news for the market because the Fed is looking at the core rate,” said Peter Cardillo, chief market economist at Spartan Capital Securities in New York.

The dollar has gained on expectations that the US economy will remain more resilient to higher interest rates and oil prices than other economies, after the Federal Reserve last week warned it may hike rates further and is likely to hold them higher for longer.



The dollar index, which tracks the US currency against six others, fell 0.05 percent to 106.09 on Friday and is track to end the quarter up 3.13 percent and post an 11th straight weekly rally - its longest such run in nine years. It is down from a 10-month high of 106.84 on Wednesday.

Despite weaker levels on Thursday and Friday some analysts see the greenback as likely to continue to outperform.

“We view this dollar weakness as corrective in nature and is most likely driven by quarter-end rebalancing,” Win Thin, global head of currency strategy at Brown Brothers Harriman in New York, said in a note.

“We're not sure how long this correction lasts but investors should be looking for an opportunity to go long dollars again at cheaper levels.”

Meanwhile, a partial government shutdown is looming, which could affect the release of economic data and potentially dent economic growth.

Hardline Republicans in the US House of Representatives on Friday rejected a bill proposed by their leader to temporarily fund the government, making it all but certain that federal agencies will partially shut down beginning Sunday.

A government shutdown would “undermine” US economic progress by idling key programs for small businesses and children, and could delay major infrastructure improvements, US Treasury Secretary Janet Yellen said on Friday.

## LafargeHolcim launches rain water harvesting project

STAR BUSINESS DESK

LafargeHolcim Bangladesh Ltd (LHBL), a building material solution provider of the country, recently launched a project styled “Rain Water Harvesting for Safe Drinking Water for the Community” near its plant in Chhatak, Sunamganj.

Iqbal Chowdhury, chief executive officer of LHBL, inaugurated the project, said a press release.

“Rain water harvesting will play a major role in resolving the safe drinking water crisis for the communities in Chhatak, where the company has provided the facilities,” said Chowdhury.

“The company will come up with more innovative and sustainable community development initiatives in the coming years,” he added. Among others, Asif Bhuiyan, chief corporate affairs officer of LHBL, was present.



PHOTO: LAFARGEHOLCIM BANGLADESH

**Iqbal Chowdhury, chief executive officer of LafargeHolcim Bangladesh, poses for photographs with local community people after inaugurating a project styled "Rain Water Harvesting for Safe Drinking Water for the Community" near its plant in Chhatak, Sunamganj recently.**

## China factory

FROM PAGE B4

Preliminary signs of improvement had emerged in August, with factory output and retail sales growth accelerating while declines of exports and imports narrowed and deflationary pressures eased. Profits at industrial firms posted a surprise 17.2 percent jump in August, reversing July's 6.7 percent decline.

“The manufacturing PMI, plus the good industrial profit figures, suggest that the economy is gradually bottoming out,” said Zhou Hao, chief economist at Guotai Junan International.

China's non-manufacturing PMI, which incorporates sub-indices for service sector activity and construction, also rose, coming in at 51.7 versus August's 51.0.

The composite PMI, including manufacturing and non-manufacturing activity, climbed to 52.0 in September from 51.3.

## What happens

FROM PAGE B4

Operations classified as essential will continue to operate.

In past shutdowns, this has meant that benefits checks have continued to be paid, while air traffic controllers, border patrol agents and hospital staff have remained on the job.

However, many services would likely be affected, including new applications for Social Security and Medicare, food and environmental site inspections, and national parks.

The longer a shutdown continues, the greater the impact would be.

Goldman Sachs economists have estimated that a shutdown would impact economic growth in the fourth quarter by 0.2 percentage points for every week it continues.

Oppage could take two to three weeks to resolve, Goldman economists wrote in a recent note to clients, “as neither side seems likely to

make immediate concessions.”

“While some funding lapses have ended very quickly, the political environment going into the deadline is more reminiscent of the situation preceding longer shutdowns in the past,” they added.

Assuming the shutdown ends before the year is out, Goldman estimates growth will increase early next year by the same amount it declined in the fourth quarter, while Oxford Economics researchers expect half of the loss to be made up.

The loss of government worker output would cost annual economic growth around 0.1 percentage points per week, and would be irreversible, according to Oxford Economics.

A shutdown could also have an indirect impact on the economy as federal workers without pay begin to curtail their spending.





Traders prepare hilsa fish for exports to India at the Port Road Market in Barishal. Hilsa prices have risen by around Tk 100 per kilogramme following the beginning of shipments to India ahead of Durga Puja.

PHOTO: TITU DAS

## Hilsa price spirals amid export

STAR BUSINESS REPORT

The price of hilsa shot up in the local market, influenced by demand for exports of the fish to India ahead of Durga Puja, one of the biggest Hindu religious festivals, to be celebrated in the third week of October.

Termed the national fish of Bangladesh, hilsa prices have risen by around Tk 100 per kilogramme following the beginning of shipments, said Narottam Das, a hilsa wholesaler at Karwan Bazar, one of the major wholesale markets for fish in Dhaka.

The price of each kilogramme-plus hilsa increased to Tk 1,520-1,550 from Tk 1,450-1,470, he said.

Bangladesh caught 5.66 lakh tonnes of hilsa in the fiscal year 2021-22.

Exports of hilsa are prohibited but shipments are allowed based on prior permission from the government.

Every year before Durga puja, a large number of exporters seek approval from the commerce ministry to send hilsa to India.

The government recently allowed the export of 3,950 tonnes of hilsa to India between September 21 and October 30 at the rate of \$10 per kg.

Our Patuakhali correspondent reports that the wholesale price of the fish soared by Tk 10,000 per maund (37 kilogrammes) at fish landing stations following the government's decision to export hilsa.

Visiting different fish markets, it was seen that hilsa weighing more than one kg was now being sold at Tk 68,000-70,000 per maund, which was between Tk 50,000 and Tk 55,000 during the last season.

**Hilsa prices have risen by around Tk 100 per kilogramme following the beginning of shipments, said Narottam Das, a hilsa wholesaler at Karwan Bazar**

Besides, traders were asking for Tk 55,000-60,000 for one maund of hilsa where each weighed between 800-900 grams.

Although the rise in prices brings smiles to fishermen and traders, local buyers are upset as prices rose to one and a half times higher than last year.

Helal Majhi, who works in a trawler named FB Allah Daan, said he came to Mohipur, a fish landing station in the southern coastal district, on Friday noon after fishing in the sea for eight days. He sold 30 maunds of fish at the rate of Tk 45,000.

"We are being able to repay our previous loans after getting good prices of hilsa," said Md Khais, who works at another trawler.

Didar Uddin Ahmed Masum, owner of Rajin Fish Arat and president of Mohipur Fisheries Arat (Wholesale) Owners Association, said traders from Barisal and Dhaka were buying hilsa from there to export to India.

Abdul Malek, a resident of the New Market area in Patuakhali town, said that prices had gone beyond the capacity of many local buyers despite it being hilsa season.

However, Khokon Samaddar, a hilsa wholesaler with depots in Jatrabari, Abdullahpur and Rampura in Dhaka, said prices had not increased to that extent.

Narottam Das said the supply of the fish was not in line with the demand in the local market. "So, any decline in prices is unlikely ahead of the Durga puja without higher catches," he said.

Last year, the ministry granted permission to ship 2,900 tonnes of hilsa to India.

(Our Patuakhali correspondent contributed to the report)

# Raise awareness, build capacity for sustainable finance

Speakers say at BIBM conference

STAR BUSINESS REPORT

The financial sector in Bangladesh is still facing challenges in moving towards sustainable finance due to a lack of awareness and capacity-building, stakeholders said yesterday.

Sustainable finance is the process of incorporating environmental, social and governance considerations into financial investment decisions, resulting in longer-term investments in sustainable economic activities and projects.

"Awareness is very poor in this sector," said Sakhawat Hossain, joint director at the Bangladesh Bank.

There is no alternative to enriching capacity-building in the financial sector, including non-bank financial institutions (NBFIs), he said.

Hossain made these comments while presenting a keynote paper at a daylong conference, titled "Sustainable Banking and Finance", organised by the Bangladesh Institute of Bank Management (BIBM) at

its office in the capital.

"Everyone has a responsibility for sustainable finance. But we, even bankers, need to know more about this to get the desired outcomes," said Syed Mahbubur Rahman, managing director and chief executive officer of Mutual Trust Bank Limited.

"There is a need for a level-playing field in the financial sector so everyone follows the guidelines," he said.

"The contribution of NBFIs to sustainable finance is still small. It is confined to large and specialised institutions like IPDC, IDLC and Bangladesh Finance," said Mominul Islam, managing director of IPDC, an NBFI. Most NBFIs are very small and lack the capacity to contribute to sustainable finance.

"This is the biggest challenge."

Not only NBFIs, but some banks are also suffering from sustainability issues, said Islam.

Masrur Arefin, managing director of

the City Bank, said board members of banks should be involved in initiatives of sustainable finance.

Shah Md Ahsan Habib, professor at BIBM, added: "The financial sector needs strong policy support from government agencies to create the kind of incentive and supportive framework for the agents of change of green growth through sustainable finance."

He urged effective collaboration among stakeholders, including the government, regulators, banks and financial institutions, investors and corporations.

AKM Sohel, joint secretary of the Economic Relations Division (ERD), said there was a huge shortage of funding for the climate crisis.

The National Adaptation Plan (2023-2050) needs \$230 billion to be implemented.

"But we spend only \$1 billion a year. If we want to reduce this funding crisis, we need a minimum of \$5 billion by 2030,"

he said.

"We are happy that the Asian Infrastructure Investment Bank wants to invest \$4.5 billion over the next five years. Climate change mitigation and adaptation are key sectors of this fund."

He asked: "Are we ready to accept this investment? Do we have climate units in our banks?"

Sharifa Khan, secretary to the ERD, added: "Most of us are not aware of the environmental cost of development."

Unplanned rapid urbanisation and industrial growth have been taking a heavy toll on the natural resources that provide critical ecosystem services, she said.

"Bangladesh is an innocent victim of climate change-induced disasters. Our annual per capita carbon emission stands at 1.29 tonnes, yet we are the 7th most climate-vulnerable country in the world."

"Climate-induced disasters are eroding a substantial portion of our hard-earned growth," she added.

## Fed official says interest rates 'at or near' peak

AFP, Washington

US interest rates are rapidly approaching their highest level in the Federal Reserve's current battle against inflation, and may already be there, a senior Fed official said Friday.

The US central bank has raised interest rates 11 times since March 2022 in a bid to tame inflation and bring it firmly down to its long-term target of two percent.

Although inflation has come down sharply in the last 12 months, it remains stuck stubbornly above the Fed's target, even increasing slightly over the summer, which has kept up the pressure.

"My current assessment is that we are at, or near, the peak level of the target range for the federal funds rate," New York Fed President John Williams said in a statement

published Friday.

"I expect we will need to maintain a restrictive stance of monetary policy for some time to fully restore balance to demand and supply and bring inflation back to our 2 percent longer-run goal," he added.

Earlier Friday, the key US inflation measure used by the Fed to set interest rates ticked up again in August, fueled by rising energy prices.

But aside from volatile food and energy costs, which are still paining Americans at grocery stores and gas pumps, inflation actually slowed last month to reach its lowest annual rate since 2021.

Futures traders currently assign a probability of more than 80 percent that the Fed will hold rates steady at that decision on November 1, according to data from CME Group.

## Cloud tech can enhance

FROM PAGE B1

effectively protect sensitive information. Utilising structured data is also at the forefront of this digital evolution, they added.

They emphasised that the adoption of cloud-based technology was not just a trend, rather a necessity. It will not only enhance operational efficiency but also improve customer experiences, they said.

At the event, Felicity IDC Limited, a Tier 3 data centre situated at Bangabandhu Hi-Tech City in Kaliakair, introduced its cloud and cyber security services to top officials of banks and financial institutions.

A Tier 3 data centre is characterised as having multiple paths for power and cooling and systems in place to update and maintain it without taking it offline, as per American multinational information technology company Hewlett Packard Enterprise.

Felicity IDC Limited is said to be a 100,000 square feet facility with 500 racks designed to house servers, networking devices, cables and other computing equipment and an energy demand of 5 MW.

Its chief executive officer, Sharful Alam, said they made a commitment four years ago to construct a world-class data TEE.

The TEE refers to trusted execution environment where the main processor is separated from the main operating system, ensuring that data is stored, processed and protected in a secure environment, reads techtarget.com.

In spite of the challenges posed by the pandemic, Felicity IDC Limited partially completed its construction work by the end of 2021, said Alam.

Numerous organisations, including multiple banks, have chosen to use the data centre as their IT infrastructure and disaster recovery site, he added.

The company is preparing to build a cloud infrastructure that would fulfil requirements advised by the central bank. This initiative is driven in anticipation of the opening of several digital banks soon, for which the cloud will be tailored, he said.

Felicity IDC Limited is planning to launch a Security-Operations-Centre-as-a-Service (SOCaaS) in early 2024, in collaboration with world leaders in cybersecurity, he added.

The SOCaaS is a security model wherein a third-party vendor operates and maintains a fully-managed SOC on a subscription basis via the cloud, reads crowdstrike.com.

Zunaid Ahmed Palak, state minister for ICT, spoke at the event.

## Wide gap in exchange

FROM PAGE B1

"The government instructed workers to open a bank account before leaving the country and we are following the instruction. Sometimes, we publish advertisements in newspapers urging expatriates to remit money through legal channels."

But nothing seems to be working.

In August, migrant workers sent home \$1.59 billion, a year-on-year decrease of 21.5 percent, the sharpest drop since April 2020, central bank data showed.

It came despite a spike in the outflow of workers in recent times.

Bangladesh sent a record 11,44,993 workers abroad in the last fiscal year of 2022-23, up 15.8 percent from a year earlier, according to data from the Bureau of Manpower Employment and Training.

Chowdhury said measures taken by the government, the central bank, and recruiters have not been effective in raising the remittance flow because of the exchange rate gap of Tk 8 to Tk 9 between formal and informal channels.

"Bangladeshi workers are going abroad to earn money, so they will definitely choose the channels that offer them the better rates."

Another factor behind the lower-than-expected flow of remittance through formal channels is when Bangladeshi expatriates want to send money via formal platforms, they need to take off from their work in order to go to bank branches. Besides, there is a need to maintain official procedures, according to Chowdhury.

"On the other hand, they can get the service from the agents of informal operators quickly. What is more, they get the higher rate."

He suggested the finance ministry and the Bangladesh Bank take the initiative to communicate with the concerned countries and introduce an app so that remitters can send money easily.

Chowdhury also recommended authorities visit abroad, arrange view-exchange meetings with remitters and encourage them to use official channels, in order to give a much-needed fillip to remittance flow.

## Latin America

FROM PAGE B1

According to Shams Mahmud, Peruvian cotton has a huge demand globally and Bangladeshi exporters can use the textile raw material as local suppliers are increasingly making high-end garments.

The vast market is not without challenges.

Both Faruque Hassan and Asif Ashraf describe higher duty as a major problem for Bangladesh.

Mahmud sees the long distance between Bangladesh and Latin America as a major challenge for bilateral trade and says the quality of fabrics is affected during the long trip.

Besides, Latin American shipping lines are not well-known like those in Europe, the US and Canada. Also, local exporters feel comfortable in shipping goods to Asian markets, he

said.

Language is another barrier as Spanish is the official language in most countries in the region. "As a result, an interpreter is always needed and this raises the cost of doing business," he said.

Getting visas is among other challenges.

Thanks to the opening of diplomatic missions by Brazil and Argentina, trade with the two countries is growing. And if anybody has a US visa, they can travel to Mexico.

But in order to travel to the rest of Latin American countries, Bangladeshis have to collect visas from Delhi-based embassies.

This is time-consuming and requires additional spending. This ultimately pushes up the cost of doing business, said another businessman.

## Banks' CSR

FROM PAGE B1

United Commercial Bank Tk 30 crore and Exim Bank Tk 28 crore on CSR-related activities.

However, 10 banks have yet to spend a single penny on such initiatives due to ailing financial health.

Bankers said they spent most of the money on education, healthcare, and disaster management and climate change adaptation as per the central bank's guidelines.

As per guidelines, banks have to invest 30 percent of their CSR fund on education, 30 percent on

healthcare and 20 percent on disaster management and climate change adaptation.

Additionally, they have to send five percent of their CSR funds to the Prime Minister's Education Assistance Trust.

From January to June of this year, banks spent Tk 216 crore in the healthcare sector, Tk 90 crore in the education sector and Tk 49 crore on disaster management and climate change adaptation.

The remaining Tk 214 crore was spent on other sectors, as per BB data.

## Paperfly likely to shut down

FROM PAGE B1

It fell to just 10 per cent at the beginning of the nationwide lockdown in April 2020 which aimed to curb the spread of Covid-19.

The scenario started to change for the better after the government eased restrictions at the beginning of June. Paperfly was making around 15,000 deliveries a day in early 2021.

Sensing the huge prospect of logistics in Bangladesh, Ecom Express acquired a majority stake in Paperfly for around Tk 100 crore in January that year.

In April 2022, the logistics-tech company announced another Tk 102 crore investment from Ecom Express.

However, after the pandemic-induced rise, the e-commerce platforms, the main clients of Paperfly, witnessed a downturn in

orders.

The closing of operations of Paperfly is a major blow for the startup ecosystem of Bangladesh, said Fahim Mashroor, CEO and founder of Bdjobs.

"Paperfly has got a huge investment from outside the country. But shutting down proves that solely large investments cannot make any startup successful. A sustainable and profitable business model is required for a startup to be successful," he said.

This should be a wake-up call for a lot of other startups in the country, he said.

"At the same time, I think there is already an overcapacity of logistics compared to demand. E-commerce demand in the country has not been growing that much in spite of a lot of hype," said Mashroor.



## IEA, ECB urge Europe to move faster on energy transition

AFP, Paris

Europe must invest more quickly and massively in its energy transition if it wants to remain a global industrial power, top policymakers warned on Friday.

The plea was made at a conference on the clean energy transition hosted by the International Energy Agency, the European Central Bank and the European Investment Bank in Paris.

The leaders said private sector investment faces barriers including policy uncertainty, bureaucratic red tape that delays projects, and higher energy costs.

At the same time, the United States, China, India, Japan and South Korea are deploying ambitious industrial programmes, they warned.

Friday's conference focused on the financial and public policy tools that could unleash the investments needed for the

**"Pushing back targets will not buy us more time for the investment required."**

clean energy transition.

"Despite its large internal market, skilled workforce and world-beating research and development, we're yet to see how Europe will put its ambitions into practice," said IEA executive director Fatih Birol.

"Policymakers must take bold action, and soon, for the region to remain a global industrial power," Birol said.

ECB president Christine Lagarde called on Europe to "avoid procrastination".

"While it is tempting to think that we can smooth out the cost of the transition by pushing back climate targets, the evidence suggests that this will not be the case," she said.

"Procrastinating is likely to increase the bill we will end up having to pay," Lagarde said. "Pushing back targets will not buy us more time for the investment required."

Werner Hoyer, president of the European Investment Bank, said industries "must be prompt and embrace change, or risk being left behind".

"Only massive and swift investment in net zero technologies will make sure that Europe remains an attractive place to do business, a place where innovation thrives, where new ideas flourish, and wealth and jobs are created," Hoyer said.



Farmers in Shajahanpur upazila's Shahnagar village use row covers to protect their plants from the effects of adverse weather. Excessive heat and rain in Bogura led to around 50 percent of saplings being damaged, denting supply and causing a surge in prices. PHOTO: MOSTAFA SHABUJ

## Winter vegetable saplings get 4-5 times costlier

MOSTAFA SHABUJ and SUKANTA HALDER

Due to an increase in import costs and supply failing to keep up with demand, winter vegetable saplings have become four to five times costlier this year in Bogura's sapling villages in the Shajahanpur upazila.

Importers and traders said it was because the price of seeds was higher than last year due to costlier US dollars and a failure to open letters of credit as per demand.

Another reason behind the price hike is the lack of supply, with a lot of saplings damaged this season by inclement weather.

Owners of sapling gardens in the area informed that around half of their saplings had been damaged due to excessive heat.

Farmers from around 35-40 districts visited the Shahnagar area to buy winter vegetable saplings, according to traders.

However, farmers said they would have to begin counting their losses if the yield was not good because costs of production were higher than ever.

Rashedul Islam, a farmer from Jamalpur's Madarganj upazila, came to Shahnagar village to buy chilli saplings. He said: "10 farmers came here to buy chilli saplings but the prices are very high this year. It was Tk 200-300 per thousand chilli saplings last year but now it is Tk 1,400 per



thousand."

Similarly, eggplant saplings were Tk 400-500 per thousand and cauliflower saplings were Tk 500-700 per thousand, but this year they are selling for Tk 800 and Tk 1,600 per thousand respectively.

Tomato saplings cost Tk 400 per thousand but are now selling for Tk 1,800-2,000 per thousand, said Foizul Islam, a farmer who came to buy winter saplings from Gaibandha.

According to the Department of Agricultural Extension of Bogura, there are 250 to 300 farmers in the Shajahanpur upazila cultivating around 30-40 hectares of land per year.

Nadim Islam, a farmer from Bogura's Shajahanpur upazila, said that his costs of production had also increased. As farmers got good prices for vegetables this summer, many increased cultivation, he added.

He was worried that low yields or a fall in prices would lead to losses.

Rekha Dutta, a resident of Singair upazila of Manikganj district, said that every year in winter, she plants different types of vegetable seedlings to meet her family's needs.

Last week, she went to the market to buy seedlings of several vegetables, including eggplants, and saw that the price of each piece was double compared to last year.

The fact that the price has doubled within a year is quite disappointing, she added.

Amzad Hossain, president of the Shahnagar Sobji Malik Somity, said they had a target to produce five crore saplings this year.

But around 15-20 days ago, 50 percent of the saplings were damaged due to heat.

Besides, prices of seed and polythene as well as labour costs

increased. As the demand is high and supply is low, prices increased rapidly, he said.

Zillur Rahman, owner of the Zillur Beez Bhandar, said the first round of saplings were damaged due to excessive heat and rain. In addition, they had to buy seeds at a higher price this year.

When asked if the high prices would have an impact on the vegetable market, Amena Khatun, Shajahanpur upazila agriculture officer, said: "If the yield is good, there will not be any impact on the kitchen markets. If the yield is not good, prices will increase a bit."

Abdul Latif, owner of Borhan Nursery of the Shahnagar village, said vegetable seeds had become costlier this year, increasing from Tk 4,000 to Tk 8,000 per kg.

Omar Al Faruque, a seed importer and seller in Dhaka, added that a large quantity of seeds have to be imported.

Now, due to the dollar shortage, LCs cannot be opened as per demand. At the same time, the increase in the price of the US dollar is also one of the reasons behind the increase in the price of seeds, he said.

Faruque claimed that he was able to import only half of the seeds he needed.

In the fiscal year 2021-22, the demand for vegetable seeds in the country was 2,750 metric tonnes and 3,407 metric tonnes were produced, according to the Ministry of Agriculture.

## Why do corporations need ESG?

MAMUN RASHID

Compliance with the ESG standards is not going to be an option soon for business enterprises functioning even in developing countries like Bangladesh. But as Bangladesh becomes more connected with the rest of the world and international trade becomes much more prevalent, complying with global ESG standards will become a mandatory practice for all businesses which wish to play with the rest of the world.

As the abbreviation "ESG" suggests, there are three major factors the investors consider when assessing the potential of a business enterprise and they are environmental, social and governance.

Environmental factors encompass a company's efforts to reduce its carbon footprint, manage natural resources efficiently and implement sustainable practices to mitigate risks tied to climate change and resource scarcity. This, in turn, can reduce operational costs, enhance resource utilisation and attract eco-conscious investors and customers. Investors nowadays seek firms committed to renewable energy, efficient waste management and environmental transparency.

Social aspects involve evaluating a company's treatment of employees, diversity and inclusion policies, and community engagement. Socially responsible initiatives, like fostering diversity and inclusion or engaging in philanthropy, contribute to a positive organisational image. A strong societal reputation can bolster brand loyalty, attract top talent, and improve stakeholder relationships, translating into a stronger market position. Investors look for businesses that prioritise fair labour practices, employee wellbeing and engagement with local communities.

Governance factors assess a company's leadership and board structure and adherence to ethical and legal standards. Shareholders seek transparent governance, effective risk management and accountability mechanisms to ensure long-term stability and ethical conduct within the organisation. Sound governance practices, including transparent decision-making and effective risk management, build trust with investors and stakeholders. This trust can lower the cost of capital and enable long-term growth and stability.

As more investors look to put money into companies with stronger ESG performance, larger pools of capital will be available to those companies not only in equity markets but also in loan markets, where banks are linking interest rates on loans to ESG performance.

Positive action and transparency on ESG matters can help companies protect their valuations as more global regulators and governments mandate ESG disclosures. After the European Union announced broader disclosure requirements, the stock market reacted positively to firms with strong ESG disclosure. Many emerging markets, including South Africa, Brazil, India and China, are also adopting and enforcing disclosure regulations.

As more investors with more assets under management commit to ESG investing, they will have more voting power to effect changes. Shareholders in a number of companies have already put forward proposals to improve gender diversity on the boards, garnering a level of support that was unimaginable before.

As ESG-minded business practices gain more traction, investment firms are increasingly tracking their performance. Financial services companies such as JPMorgan Chase, Wells Fargo and Goldman Sachs have published annual reports that extensively review their ESG approaches and the bottom-line results. The ultimate value of ESG investing will depend on whether they encourage companies to drive real change for the common good, or merely check boxes and publish reports. That, in turn, will depend on whether the investment flows follow ESG tenets that are realistic, measurable and actionable, according to investopedia.com.

The author is an economic analyst.



## What happens if US govt enters a shutdown?

AFP, Washington

The United States is heading toward a government shutdown this weekend with no foreseeable way out of a deadlock in Congress over headline Republican calls for deep spending cuts.

The new US fiscal year begins on October 1, but sharp disagreements in the Republican Party over the scale of federal debt has prevented passage of the bills needed to keep the government funded and open.

The credit ratings agency Moody's warned this week that a shutdown would be "credit negative" for US sovereign debt, threatening its top-tier rating and raising the prospect of higher borrowing costs.

Here's what is likely to happen beginning Sunday if the US government shuts down.

Hundreds of thousands of federal employees would be furloughed without pay, while members of the military and other workers deemed to be essential would continue working without a paycheck.

The American Federation of Government Employees (AFGE) union estimates a full shutdown would mean almost 1.8 million federal workers would not be paid for the duration.

Around 850,000 non-essential workers would be furloughed, according to the non-partisan Committee for a Responsible Federal Budget.

Once a funding deal is reached these restrictions would be lifted and all affected employees would be paid retroactively, according to the AFGE.

READ MORE ON B2



A worker checks a rotor core used for wind turbines at a factory in Nantong, in China's eastern Jiangsu province, on September 20. China's factory output and retail sales growth accelerated while declines of exports and imports narrowed and deflationary pressures eased. PHOTO: AFP

## China factory activity returns to expansion

REUTERS, Beijing

China's factory activity expanded for the first time in six months in September, an official survey showed on Saturday, adding to a run of indicators suggesting the world's second-largest economy has begun to bottom out.

The purchasing managers' index (PMI), based on a survey of major manufacturers, rose to 50.2 in September from 49.7, according to the National Bureau of Statistics, edging above the 50-point level demarcating contraction in activity from expansion. The reading beat a forecast of 50.0.

The PMI, the first official statistics for September, adds to signs of stabilisation in the economy, which had sagged after an initial burst of momentum early in the year when China's ultra-restrictive Covid-19 policies were lifted. READ MORE ON B2