

Star BUSINESS

The core objective of Bata is not only to make shoes for profit but also to contribute to the community, said a senior official.



Story on B4

DOLLAR RATE MANIPULATION Treasury chiefs of 10 banks fined

STAR BUSINESS REPORT

Bangladesh Bank recently decided to impose a fine on the treasury heads of 10 banks due to their involvement in manipulating the exchange rate between the taka and the US dollar.

As such, the treasury heads of Social Islami Bank, Al-Arafah Islami Bank, Modhumoti Bank, Mercantile Bank, Midland Bank, Brac Bank, Exim Bank, Premier Bank, Shahjalal Islami Bank and Trust Bank will face fines of Tk 1 lakh each.

On condition of anonymity, a central banker said the treasurers' explanation regarding their involvement in manipulating the US dollar rate was not satisfactory.

"That is why the central bank imposed a fine."

In a letter on September 18, Bangladesh Bank asked the managing directors of 10 banks to explain why their treasury heads should not be penalised for their involvement in US dollar rate manipulation this year.

The banking regulator had said: "Your bank's treasury head cannot avoid their responsibility in the case of foreign exchange transactions at a higher rate than the declared rate."

With this backdrop, the central bank asked them to give appropriate explanations within five working days upon issuing the letter as to why

Section 109 (7) of the Bank Company Act 1991 states that the banking regulator can impose a maximum fine of Tk 1 lakh for such violations.

action should not be taken against their treasury heads.

Section 109 (7) of the Bank Company Act 1991 states that the banking regulator can impose a maximum fine of Tk 1 lakh for such violations.

However, this is not the first time the central bank has taken this position on allegations of US dollar manipulation by banks.

Last year, it sought explanations in this regard from 12 banks, namely Dutch-Bangla, Prime, City, Southeast, Brac, Standard Chartered, NCC, HSBC, Mercantile, Dhaka, United Commercial and Bank Asia.

Bangladesh Bank then asked Dutch-Bangla, Southeast, Prime, City, Brac and Standard Chartered to transfer their treasury heads to their human resources department.

However, the central bank later backtracked on this decision.

Since last year, the Bangladesh Foreign Exchange Dealers Association and Association of Bankers Bangladesh have been fixing the US dollar rate upon unofficial directions from the central bank.

On August 31, the two organisations decided to enforce a uniform exchange rate from September with the buying rate set at Tk 109.5 while the selling rate was Tk 110.

The two bodies then revised the buying rate to Tk 110 per dollar and selling rate to Tk 110.50 per dollar.



Farmers have started harvesting their jhum paddy in the Chattogram Hill Tracts as the crop has begun to ripen. Commonly practised by indigenous peoples of South Asia, the jhum agriculture system involves clearing and cultivating a small patch of land for a short period and then abandoning it until the land reverts to its natural vegetation, while the farmer cultivates another plot. Indigenous jhum cultivators prepare their land and sow seeds in April and harvest the crop from September to November. The photo was taken at Mogban union in Rangamati sadar upazila yesterday.

PHOTO: LALTANLIAN PANGKHUA

Default loans hit an all-time high

MD MEHEDI HASAN

Non-performing loans (NPLs) in Bangladesh's banking sector hit a new record in June as withdrawal of a relaxed central bank policy, slowdown in business sales and deliberate non-payments pushed up the volume of bad loans to Tk 1,56,039 crore, central bank data showed.

This was the highest NPL in the country's history with the previous high of Tk 134,396 crore recorded in the third quarter of last year.

In the three months to June this year, Tk 24,419 crore loans turned sour alone.

At the end of June, NPLs accounted for 10.11 percent of the total credits disbursed, according to the latest data from the Bangladesh Bank. Outstanding loans stood at Tk 15,42,655 crore.

In Bangladesh, a lack of good governance, relaxed policies pursued by the central bank, political interference and irregularities have largely been responsible for the upward trend of NPLs.

The volume started to go up after the withdrawal of a central bank relaxation on loan classification introduced amid the Covid-19 pandemic.

On the other hand, bankers say, borrowers are not interested in repaying bank loans using the ongoing economic situation as an excuse.

Moinul Islam, a former professor

of economics at the University of Chattogram, thinks this is not the actual figure of bad loans because it does not include a huge volume of credits stuck in money loans court.

"If the entire amount of the loans involved in the court cases and the write-off loans are taken into consideration, the total bad loans in the banking sector will be Tk 450,000 crore."

He says the volume of bad loans will not

rescheduled and write-off loans.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says the overall economic situation is going through a difficult time now owing to external and internal factors and the growing NPLs is not a good sign for the economy.

He said that local businesses face multiple problems now as their sales have got stressed, making them unable to pay

bank loans. "Many borrowers failed to export in recent times, which have turned their loans secured against letters of credit into forced loans. Those credits have now become default loans."

An escalated level of NPLs has dire consequences for the economy as well as the financial system.

According to the Asian Development Bank, a buildup of NPLs poses a risk to banks' balance sheet health and financial soundness.

NPLs reduce interest income, lower profitability, and deplete banks' capital bases. They also require higher risk weights and minimum loss coverage in banks' capital requirements, straining liquidity and increasing funding costs. With less money available to extend new loans, banks' capacity to lend and make profits is further constrained, it said.

READ MORE ON B3



NPLs totalled Tk 1,56,039 crore in June, the highest in the country's history. The previous high of Tk 134,396 crore was recorded in the third quarter of last year

come down unless strict actions are taken against the top defaulters.

The distressed assets in the banking industry stood at Tk 3,77,922 crore in 2022, according to BB's Financial Stability Report 2022. The distressed assets are calculated considering the total NPLs, outstanding

TV sales down despite Cricket World Cup

JAGARAN CHAKMA

With just days to go before ICC Cricket World Cup 2023, television purchases should have naturally picked up by now, with demand primarily expected to arise from sports enthusiasts trying to make do with limited means.

However, sales in September were 30 percent lower than that in the same month last year, which market insiders attribute to people tightening their belts to cope with the inflation-induced rise in the cost of living.

Tuning in to the matches on a new TV could come with a hefty price tag, as the Consumer Price Index has gone up 9.02 per cent in 2022-23, the highest average inflation rate in 12 years, according to the Bangladesh Bureau of Statistics.

The local consumer electronics market is dominated by companies such as Walton Group, Transcom Digital, RANGS eMART, Best Electronics, MyOne Electronics Industries, Jamuna Electronics, VISION Electronics, Esquire Electronics and Electra International.

Sales in September were 30 percent lower than that in the same month last year, which market insiders attribute to people tightening their belts

Products of foreign companies such as Samsung, LG, General, Sharp and Whirlpool are also popular among local consumers.

"No only TV but also overall electronic home appliance sales witnessed a dull season in September...around three months past Eid-ul-Azha," said Ritesh Ranjan, head of business at Transcom Digital.

Overall TV sales were not that good due to inflationary pressure, with TV prices having increased by around 32 per cent over the past year due to the devaluation of the taka against the greenback, he said.

However, sales of high-end TVs, particularly those with screens of over 55 inches, is slight better than the regular ones, he said.

Transcom Digital is trying to attract customers offering cash discounts, gifts and match tickets, including one for the Bangladesh-Pakistan game coupled with a one-night hotel stay, he said.

This offer is only for Transtec and ROWA brands, he said, citing that they have targeted a sales growth of at least 10 percent during the tournament.

READ MORE ON B2

STOCKS	
DSEX ▼	CASPI ▼
0.31%	0.10%
6,264.90	18,560.62

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	



Different factors like calorie intake, transportation costs, house rent and food costs have to be brought under consideration for fixing the new salary of garment workers.

PHOTO: STAR/FILE

Board yet to propose minimum RMG wage

STAR BUSINESS REPORT

A board formed for recommending the minimum wage for garment workers could not come up with any proposal on the monthly rates even at its third meeting held in Dhaka yesterday.

The board's tenure expires on the 9th of this month.

The board was formed on April 9 this year for a six-month tenure for recommending a new salary structure for the over 4 million garment workers of Bangladesh.

However, Liaquat Ali Mollah, chairman of the Minimum Wage Board, said he was hopeful of representatives of both garment factory owners and workers proposing the salaries in the next meeting, to be held on the third week of this month.

Talking to journalists at his office in the capital after yesterday's meeting, he also said the minimum wage would be finalised through consultations among the representatives and board members by mid-November.

For an annual increment of 10 percent to 15 percent, as demanded by the union leaders, the government will have to amend the labour law as it currently allows up to 5 percent, said Mollah.

On workers demanding basic salary to be increased by 60 percent to 65 percent, he said the board would determine it through

consultations among its members.

Regarding a demand for reducing the pay grades to five from seven, Mollah said there were 20 grades in public service and any such reduction would have to be brought about through discussions in the board.

While the meeting was taking place, different organisations of workers were chanting slogans in front of the office demanding hiking the minimum monthly salary to up to Tk 25,000.

The board was formed on April 9 this year for recommending a new salary structure for the over 4 million garment workers of Bangladesh within six months

They expressed anger over the delay in finalising the wages and handed over a proposal to the board chairman to press home their demands.

Only three meetings of the board took place although the provision states that the minimum wage should be announced within six months, said Garment Workers Trade Union Centre in a press release yesterday while demanding the Tk 25,000 minimum wage.

READ MORE ON B3

Brac Bank, Body Shop sign deal

STAR BUSINESS DESK

Brac Bank recently signed a memorandum of agreement (MoA) with The Body Shop, a British cosmetic, skin care and perfume company, to offer exclusive discounts for its Tara customers.

Mehruza Reza, head of Tara and Agami Products at the bank, and Abdul Mohimen Sumon, senior manager of operations at The Body Shop Bangladesh, inked the MoA at the former's head office in Dhaka, said a press release.

Under the MoA, all Tara cardholders will enjoy a 15 percent discount on all products of the manufacturing company with a minimum spending of Tk 5,000. The offer will start from October 2023.

The British company has a wide range of products across skincare, bath and body, cosmetics, hair, fragrance, gifts, accessories, and many more. All the products are 100 percent vegan and animal cruelty-free.

Ashrafal Alam, head of alliances at the bank, and other officials from both the organisations were present.



Mehruza Reza, head of Tara and Agami Products at Brac Bank, and Abdul Mohimen Sumon, senior manager of operations at The Body Shop Bangladesh, exchange signed documents of a memorandum of agreement at the former's head office in Dhaka recently.

PHOTO: BRAC BANK

TikTok laments Indonesia's social media commerce ban

ANN/THE JAKARTA POST

TikTok Indonesia has lamented the government's recent decision to ban e-commerce transactions on social media platforms, saying that the move could jeopardize the livelihoods of millions who depend on the short-form video platform for income.

A new Trade Ministry regulation was enacted on Tuesday to ban social media platforms, including ByteDance's TikTok, from acting as marketplaces for online transactions, restricting the platforms to the promotion of goods and services.

The move came following widespread complaints from offline sellers, particularly those that have shops across the country's traditional markets, that their revenues have plummeted because of the growing reach of social media platforms as online marketplaces.

"We deeply regret [the government's decision], especially how the decision will impact the livelihoods of six million sellers and seven million affiliated [content] creators that use TikTok shop," a spokesperson for TikTok Indonesia said on Wednesday evening.

But the spokesperson also said that TikTok will ultimately "respect the regulations and laws" that apply in the country, and that the platform will instead be focusing its attention on a "more constructive path" going forward.

With 113 million users, TikTok is the third-most popular content-sharing platform in Indonesia. This makes the country home to the platform's second-largest audience globally after the United States, accounting for more than half of its total audience in Southeast Asia.

Leveraging the platform's meteoric rise in popularity, TikTok Shop had also become the fifth-largest e-commerce platform in Indonesia by the end of last year despite its recent launch a little more than two years ago, according to data from Singapore-based venture outfit Momentum Works.

TikTok chief executive Shou Zi Chew visited Jakarta in June where he pledged to pour billions of dollars into Southeast Asia in the coming years.



Md Rashed Akter, senior vice-president of Midland Bank, and Md Rafiqul Islam, assistant director for sales and marketing at Dream Square Resort, exchange signed documents of a memorandum of understanding at the former's head office in Gulshan recently.

PHOTO: MIDLAND BANK

Midland Bank, Dream Square Resort sign MoU

STAR BUSINESS DESK

Midland Bank Ltd recently signed a memorandum of understanding (MoU) with Dream Square Resort.

Md Rafiqul Islam, assistant director of sales and marketing of the resort, and Md Rashed Akter, senior vice president and head of retail distribution division of the bank, inked the MoU at the latter's head office in Gulshan, said a press release.

Under the MoU, the bank's cardholders will receive up to 35 percent discount on published room rates and banquet halls, 10 percent discount on food, 20 percent discount on movie theatre tickets, and 20 percent discount on lawn tennis and table tennis.

Among others, Md Abed-ur-Rahman, vice-president and head of cards of the bank, Sazal Ahmed, merchant relationship officer, Md Golam Reza, assistant manager, sales and marketing of the resort, and Muzahid Billah, senior executive for marketing communication, were present.

IT Consultants lays foundation stone of ITC tower project

STAR BUSINESS DESK

IT Consultants (ITC) Ltd has laid the foundation stone of its ITC tower project at the Tejjao Industrial Area in Dhaka.

The project will comprise a 14-storey data centre dedicated to local data hosting and local cloud services specialised for bank and financial industry along with the head office of ITC.

Salauddin Alamgir, chairman of

Labib Group and vice chairman of ITC, inaugurated the foundation stone laying ceremony of ITC Tower in the capital yesterday, said a press release.

Humaira Azam, managing director and CEO of Trust Bank Ltd, Ahsan Zaman Chowdhury, deputy managing director and chief business officer, Kazi Saifuddin Munir, managing director and CEO of ITC, and Osman Haidar, director business, were present.



Salauddin Alamgir, chairman of Labib Group and vice-chairman of IT Consultants, inaugurates the foundation stone laying ceremony of ITC Tower project in Tejjao I/A, Dhaka yesterday.

PHOTO: IT CONSULTANTS



Mohammed Yunus, chairman of Shahjalal Islami Bank, cuts a ribbon to inaugurate a relocated Satmasjid Road branch at Green City Centre on 58 Satmasjid Road in Dhanmondi, Dhaka yesterday. Among others, Mosleh Uddin Ahmed, managing director of the bank, FM Nawaz Ali, manager of Dhanmondi branch, Mahmudul Shamim Talukder, head of common services division, Mohammad Hasib Uddin, manager of Satmasjid Road branch, Md Iftekhar Shahid, manager of Karwan Bazar branch, and AHM Shahrier, manager of College Gate branch, were present.

PHOTO: SHAHJALAL ISLAMI BANK



Syed M Altaf Hussain, chairman of IIDFC Capital Ltd, presides over the company's 13th annual general meeting at its office in Dhaka recently. Kamal Uddin Ahmed and Golam Sarwar Bhuiyan, directors of the company, and Md Abdul Alim, chief executive officer, were present. SA Chowdhury and Tariqul Islam Chowdhury, independent directors, virtually joined the meeting.

PHOTO: IIDFC CAPITAL

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (OCT 1, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 72	0	-5.71 ↓
Coarse rice (kg)	Tk 48-Tk 50	0	-3.92 ↓
Loose flour (kg)	Tk 42-Tk 45	-8.42 ↓	-18.69 ↓
Lentil (kg)	Tk 105-Tk 110	10.26 ↑	4.88 ↑
Soybean (litre)	Tk 155-Tk 160	0	-5.97 ↓
Potato (kg)	Tk 42-Tk 45	0	61.11 ↑
Onion (kg)	Tk 80-Tk 90	-5.56 ↓	104.82 ↑
Egg (4 pcs)	Tk 48-Tk 50	-4.85 ↓	1.03 ↑

SOURCE: TCB

China new home prices tick up

REUTERS, Shanghai

China's new home prices rose slightly in September, breaking a four-month decline, data showed on Sunday, as developers sped up launches to take advantage of a recent slew of support measures.

Prices rose 0.05 percent on average from the previous month after falling since May, according to a survey by China Index Academy, a real estate research firm. Only 30 of the 100 cities surveyed reported a fall in new home prices.

The biggest month-on-month increase since October 2021 driven by developers launching new, higher quality housing projects, the firm said in a report.

Confidence in the property sector, which accounts for one-fourth of economic activity, has

been hit since 2021 when Beijing cracked down on debt accumulation by developers, fuelling a debt crisis. Deepening problems in the sector this year have dragged on the world's second-biggest economy and rattled global financial markets.

China has announced a raft of measures in recent weeks to boost home-buying sentiment, including easing some borrowing rules and relaxing home purchasing curbs in some cities. These policies have given major cities like Beijing a tiny boost in new home sales, but some worry the improvement might be short-lived and could potentially dry up demand in smaller cities.

If such policies continue to be optimised, the report said, the market in first-tier cities are likely to stabilise this quarter while recovery in smaller cities might take longer.

Supporting

FROM PAGE B4

and the company was already a significant footwear brand at the time.

"However, he made the decision to explore and see what was going on around the world," she added.

Monica also shared a remarkable story from the early journey period of Bata.

"My grandfather enlisted two young individuals, instructing one to travel down the west coast of Africa and the other down the east coast. When they reached Johannesburg, they sent telegrams," she said.

The first telegram read: "Mr. Bata, there is no market for shoes; no one wears shoes here".

The second stated: "Mr. Bata, there is an enormous market for shoes because no one wears shoes."

The grandfather then dispatched some of his young and daring officials within the company to establish businesses in different countries.

"Can you imagine starting a shoe company as far away as in Bangladesh 60 years ago?" Monica added.

TV sales down despite Cricket World Cup

FROM PAGE B1

Md Manzurul Karim, general manager of Esquire Electronics, the sole distributor of Japanese electronic brands General and Sharp, said they were yet to start any campaigns or make offers marking the Cricket World Cup.

The situation of the market is not favourable as the country's economy is yet to become stable, he said.

Besides, they have a slight shortage of products as goods were stuck at the port for delays by customs is releasing the products, he said.

Sales of TVs will not reach volumes recorded during the 2022 FIFA World Cup around 11 months back, as customers do not have sufficient money at hand, he said.

Moreover, people are less likely to purchase a TV to watch the cricket tournament in contrast to what they

would do to watch football during a FIFA World Cup, said Karim.

Salim Ullah, director, marketing, Jamuna Electronics, said they were offering up to 45 percent cashback on all TVs to attract customers during ICC World Cup.

But sales are not satisfactory due to the ongoing economic crisis. Moreover, a good number of customers purchased TVs during the last FIFA World Cup, he said.

For this, TV sales will not increase during the ICC World Cup, he noted.

Sales for Samsung, one of the most popular foreign brands, was no different.

"...in terms of quantity, the sales volume of TVs has declined but it increased in terms of quality," said Md Shariful Islam, chief manager of product planning at Samsung Bangladesh.

According to him, the sales of TVs with screens of less than 43 inches declined by around 40 percent while sales of high-end TVs with screens of over 55 inches increased by double digits.

It means that the demand for TVs among the middle-income segment of society is low while the higher middle-income and premium product-seeking customers have the ability to purchase TVs amidst the ongoing economic situation, he said.

Stating that they were happy with the sales growth of high-end, big screen TVs, Islam said Samsung was offering cashbacks of up to Tk20,000 on a newly introduced c-series TVs marking the ICC World Cup.

For other TVs, customers will get a gift box with sports merchandise, he said.

DHL Express announces price adjustments for 2024

STAR BUSINESS DESK

DHL Express, an international express service provider, yesterday announced price adjustments that will take effect on January 1, 2024.

The average increase in Bangladesh will be 4.9 percent. Along with it, a number of services and surcharges will also be adjusted, said a press release.

"Overall, the global macroeconomic situation has started to stabilise although uncertainty remains. Through these turbulent times, we deliver stable and reliable services to all our customers globally," said Md Miarul Haque, managing director of DHL Express Bangladesh.

The average increase in Bangladesh will be 4.9 percent. Besides, a number of services and surcharges will be adjusted

"With the annual price adjustment, we can continue to invest in improved solutions, increase flexibility across our network and focus on our responsibility to the environment to deliver resilient and sustainable logistic solutions," Haque added.

Prices are adjusted on an annual basis by DHL Express, taking into consideration inflation and currency dynamics as well as administrative costs related to regulatory and security measures.

Both national and international authorities regularly update these measures in the more than 220 countries and territories that DHL Express serves. Depending on local conditions, price adjustments will vary from country to country.



The recent price hike of construction materials was the highest since February earlier this year, when the average growth in construction costs stood at 6.03 percent.

PHOTO: STAR/FILE

Construction costs keep climbing

MD ASADUZ ZAMAN

Construction costs in Bangladesh rose by 6.98 percent in August, making it costlier to implement both public and private construction projects, according to the Bangladesh Bureau of Statistics (BBS).

As per the Building Materials Price Index (BMPI), overall construction costs saw month-on-month growth of 0.80 percentage points from 6.18 percent in July.

The recent price hike was the highest since February earlier this year, when the average growth in construction costs stood at 6.03 percent, shows data of the state-run statistical agency.

The BBS released its updated BMPI after compiling the cost of three key components, namely building materials, transport and labour charges, during the February-August period.

Of these components, the price of building materials registered month-on-month growth of 0.95 percentage points to reach 7.27 percent in August.

Similarly, the growth in labour costs stood at 6.18 percent, up by 0.35 percentage points from July.

On the other hand, transportation charges reduced slightly, BBS data shows.

"We are in an adverse situation due to the higher price of building materials," said Bimal Chandra Roy, president of the Bangladesh Association of Construction Industry.

Most contractors are under pressure as their contracts were signed years earlier, when construction costs were lower, but prices have gone up since then while their funding has not risen at the same pace.

"We don't know where the solution is," said Roy, also managing director of Next Spaces Limited.

"We definitely need policy support in the domestic market to adjust the raw material prices at the same pace of the global market," he added.

Mir Nasir Hossain, managing director at Mir Akhter Hossain Limited, said the trend in growing construction costs has remained constant in recent times owing to the higher US dollar exchange rate.

"Most raw materials for construction, such as cement and stone, come from abroad. So, the freight and import costs directly hit the total value of building materials," Hossain added.

The price of steel rods for construction has also jumped to more than Tk 1 lakh per tonne from Tk 68,000 before the Covid-19 pandemic while cement prices have gone up by 47 percent as well.

"The domestic gas price instability has also hit the total construction cost," said Hossain, also a former president of the Federation of Bangladesh Chambers of Commerce and Industry.

Kamal Mahmud, vice president of Real Estate and Housing Association of Bangladesh, said real estate companies are being cautious about taking up new projects for concerns about getting returns properly.

"We always remain in fear of which material's price will become high. So, the sector's entrepreneurs are just focusing on ongoing projects," he added.

Mahmud said the Russia-Ukraine war, ongoing strain on foreign currency reserves, US dollar shortage, runaway inflation and higher construction costs have cemented worries in the sector.

"When any price of raw material goes up, it does not want to drop," added Mahmud, also chairman of ISO Holdings Limited.

Three banks get nod to issue Tk 1,600cr bonds

STAR BUSINESS REPORT

Dutch Bangla Bank Ltd (DBBL), Brac Bank Ltd and One Bank Ltd have got permission from the Bangladesh Securities and Exchange Commission (BSEC) to issue bonds worth Tk 1,600 crore collectively.

The three private commercial lenders shared the information in separate filings on the Dhaka Stock Exchange yesterday.

The BSEC approved a proposal of DBBL for the issuance of fully redeemable, non-convertible, unsecured floating rate subordinated bonds of Tk 500 crore.

The face value will be Tk 1 crore each. The purpose of the bond issuance is to increase the Tier 2 capital to meet capital requirements under Basel III and strengthen the regulatory capital base of the bank, it said.

Subordinated debt is an unsecured loan or bond that ranks below other, more senior loans or securities with respect to claims on assets or earnings. Non-convertibility means the debt instrument can't be converted into equity.

Brac Bank got the nod to issue a similar category bond worth Tk 700 crore. It will be issued for seven years through private placement to enhance the Tier II capital base.

One Bank has secured the consent also to issue fully redeemable, non-convertible, unsecured floating rate subordinated bonds worth Tk 400 crore. It will be issued under private placement with a tenure of seven years.

No source tax for IT freelancers

STAR BUSINESS REPORT

Bangladesh Bank yesterday clarified that freelancers do not have to pay tax at source on remittance from IT freelancing jobs, ending speculations on social media.

The central bank issued a circular in this regard. The circular comes a day after State Minister for ICT Division Zunaid Ahmed Palak stated that a section of people was spreading lies by saying that freelancers now have to pay source tax, which is a propaganda against Bangladesh Bank, the National Board of Revenue (NBR) and him.

However, an NBR official said a 10 percent tax at source would be applicable for non-IT freelancers.

Vietnam probes China-made wind towers

REUTERS, Hanoi

Vietnam's industry ministry has launched an investigation that could lead to anti-dumping duties on wind towers originally from China, following a complaint by domestic producers, the government said on Saturday.

Producers in Vietnam have claimed that dumping of Chinese-origin towers has caused "significant damage" to them, the government said in a statement, without elaborating.

The dark side of AI on social media

ANN/THE STAR

Even innocent pictures or videos shared on social media can be turned into explicit content with artificial intelligence (AI), warns civil society.

Especially vulnerable are women and children.

Melaka Action Group for Parents in Education (Magpie) chairman Mak Chee Kin said parents should refrain from sharing pictures or videos of their children on social media.

He said tech-savvy, irresponsible individuals could do all sorts of things with images or videos found online.

"In this era of AI and advanced technology, incidents of scammed or doctored images, and in some cases, voices, are happening.

"The truth is that the more one exposes themselves to social media, the higher the risks they will encounter," he said.

He pointed out that even those innocently sharing images or videos of loved ones on social media could be victims of undesired consequences.

"What was supposed to be a fun and happy thing could lead to unforeseen problems," Mak added.

Parent Action Group for Education chairman Datin Noor Azimah Abdul Rahim said parents should prepare their children to be mentally strong and smart enough to face these technological challenges.

"What we can do is take care of our own children and build their confidence and mental strength to overcome such situations.

"Though it is easier said than done, it is best to talk about it with the children and strengthen their minds," she said.

When asked, Noor Azimah agreed that the culture of oversharing online is partly to blame, as children are too eager to share without realising the consequences.

Persatuan Sahabat Wanita Selangor executive director Irene Xavier also said women should be cautioned to be wary of uploading pictures of themselves and their families.

"We have cases of women who uploaded pictures of themselves in revealing positions for their boyfriends, and when the



IMAGE SOURCE: FREEPIK

relationship goes sour, these pictures have been abused," she said.

She added that women should think hard before posting photographs of themselves.

In September, a Melaka lawmaker highlighted how a private Telegram group uploaded hundreds of doctored and obscene pictures of innocent victims, comprising female executives, housewives and even young men.

Kota Laksamana assemblyman Low Chee Leong said the doctored image included a 65-year-old

grandmother wearing a bikini.

Earlier this year, Mstar also highlighted how certain quarters used AI to superimpose women's pictures in the nude.

It quoted user @magmalaya who made a post on X (formerly known as Twitter) cautioning women against posting too much on social media due to this.

MCA Public Services and

Complaints Department head Datuk Seri Michael Chong said

devious individuals would usually conduct background checks on those they wanted to target through deep fakes.

Chong said some of the cases he handled were between boyfriends

and girlfriends and married partners

who had parted ways.

"There are cases of perpetrators superimposing images of people in obscene acts, destroying their reputation, and even extorting them for money.

"If you are a victim, don't keep it to yourselves. Speak to those around you or to non-governmental organisations that have expertise in dealing with such matters.

"From there, weigh your options and decide what you want to do next," he said, adding that this included lodging police reports.

Recently, in Spain, over 20 girls in a town came forward as victims of AI-generated nude images, which were created by feeding an AI app with fully clothed pictures of themselves on social media.

Some of the girls had received demands for payment from the creators of these images, or their pictures would be uploaded to adult websites.

Default loans hit

FROM PAGE B1

Recently, the International Monetary Fund said that elevated NPLs could dampen the growth prospects of Bangladesh.

"A holistic and time bound NPL resolution strategy would help address bank balance sheet weaknesses."

Anis A Khan, a former chairman of the Association of Bankers Bangladesh, a platform of chief executives of lenders, said banks provide restructured and rescheduled facilities to borrowers. As a result, bad loans have increased.

He said almost all companies are facing slower profit growth due to the ongoing US dollar crisis and skyrocketing inflation, making it harder for them to repay loans.

"Besides, there are some willful defaulters who have no intention to pay bank loans while some borrowers have a tendency to divert funds to the sectors not specified in the loan proposals."

Fahmida Khatun, executive

director of the Centre for Policy Dialogue, described the NPL figure as both "surprising and shocking".

"We should have been careful and efforts were needed on the part of banks and the regulator to stem the rise of NPLs. However, it remains unchecked."

"This is even more worrying since the culture of willful loan default is taking deep roots."

She said the spiral in the default loans is alarming at this period of time as the economy is going through one of its worst periods in history in recent times.

The economist says that a rise in default loans will shrink the space for the private sector to borrow from banks as the availability of liquidity will be tight.

"It has macroeconomic implications from many aspects. Loans for the private sector will be costly and the private sector credit growth will be low which has ramifications for production, jobs and overall poverty reduction."

Board yet to propose

FROM PAGE B1

A platform of 11 workers' federations, including Garments Shramik Samhati Andolon, Bangladesh Textile Garments Federation and Garments Shramik Oikyo Forum, decried the delay even though the board's tenure was soon to expire.

The platform has been demanding that the minimum wage be raised to Tk 25,000, which involves a 65 percent raise in the basic wage.

The board can extend its tenure if needed, said Jafrul Hassan Sharif, a Supreme Court lawyer, alongside Md Towhidur Rahman, president of Bangladesh Apparels Workers Federation.

Rahman, under a new alliance with other trade unions, submitted a proposal to the board chairman demanding a minimum monthly wage of Tk 23,000.

Sirajul Islam Rony, a representative of workers on the board, said they would apply to the board chairman for extending the tenure.

Regarding the Tk23,000 minimum

wage demanded by the unions, he said a rational wage structure would be determined in consultation with the board members.

Different factors like calorie intake, transportation costs, house rent and food costs have to be brought under consideration for fixing the new salary, he said.

He also suggested that the government prevent landlords in industrial hubs in Savar and Ashulia from abnormally hiking house rent right after workers' wages are increased.

Moreover, the government should also sell essential commodities to workers at subsidised rates, he added.

Md Siddiqur Rahman, the representative of garment factory owners on the board, echoed the views of Rony.

He said the board members have already visited different garment factories in Dhaka, Chattogram and Habiganj and talked to the owners and workers and now were analysing their views to determine the wage structure.

Bangabandhu industrial award tomorrow

STAR BUSINESS REPORT

The government is going to confer the Bangabandhu Sheikh Mujib Industrial Award-2022 to 12 companies tomorrow for their contribution to the economy.

President Mohammed Shahabuddin is likely to hand over crests and certificates to awardees at the Osmani Memorial Auditorium in Dhaka, according to a press release from the ministry.

Industries Minister Nurul Majid Mahmud Humayun will preside over the event.

Meanwhile, Agriculture Minister Muhammad Abdur Razzaque, State Minister for Industries Kamal Ahmed Majumder and President of the Federation of Bangladesh Chambers of Commerce and Industry Mahbul Alam will be present as special guests.

In a gazette notification on August 6, the government published the names of the awardees in six categories.

In the large industries category, Runner Automobiles secured first place followed by Zaber & Zubair Fabrics and BSRM Steels.

Nita Company Ltd, an enterprise of Nitol Group, secured the top position in the medium-scale industries category. Noman Terry Towel Mills ranked second.

Hazrat Amanat Shah Spinning Mills, Basumati Distribution and Technomedia Ltd were respectively named first, second and third under the small-scale industries category. In the micro-industries category, Green Genesis Engineering won first place.

Walton Hi-tech Industries bagged the top honour in the hi-tech industries category while Super Star Electrical Accessories was in second position.

Shamsunnahar Textile Mills received first prize in the cottage industries category.

The first prize winner will receive Tk 3 lakh, a gold crest weighing 25 grammes and a certificate.

The second prize recipient will get Tk 2 lakh, a gold crest weighing 18 grammes and a certificate while the third prize winner will be given Tk 1 lakh, a gold crest of 15 grammes and a certificate.

The Bangabandhu Sheikh Mujib Industrial Award was introduced by the industries ministry last year, marking the birth centenary of the Father of the Nation.

Key US inflation measure ticks up

AFP, Washington

The key US inflation measure used by the Federal Reserve to set interest rates ticked up again in August, fueled by rising energy prices, according to government data published Friday.

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.

This is a welcome development for policymakers hoping to slow price increases without crashing the economy.

The Fed 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 on the central bank.

The annual personal consumption expenditures (PCE) price index rose 3.5 percent in August, up 0.1 percentage point from last month, the Commerce Department announced in a statement.

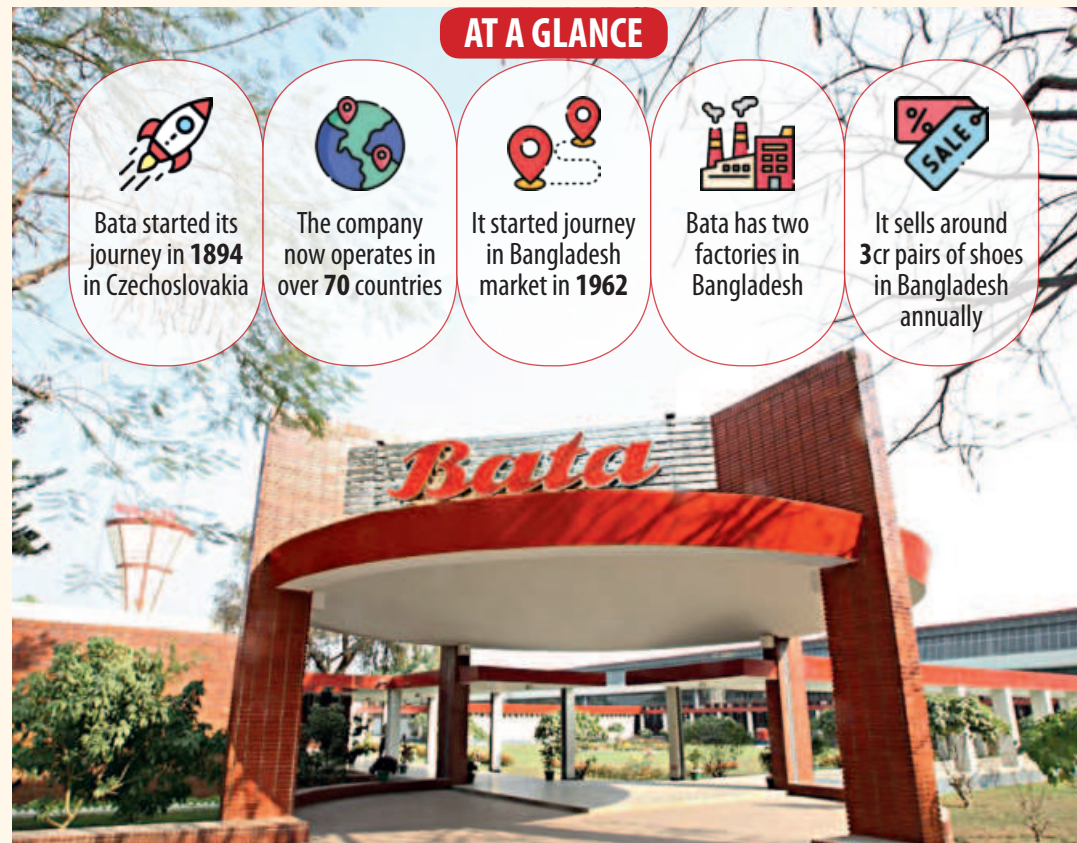
Month-over-month, PCE inflation increased by 0.4 percent, in line with the median expectation of economists surveyed by Briefing.com.

The move was fueled by an increase in energy prices, which climbed 6.1 percent from July, while food prices also rose slightly.

However, once volatile food and energy prices are stripped from the inflation figures, the picture looks far brighter.

So-called core inflation slowed to an annual rate of 3.9 percent in August, down sharply from recent months - its lowest level for almost two years.

Policymakers received more positive news Friday as the Commerce Department data showed US citizens' personal incomes grew by 0.4 percent.



Supporting community a core objective of Bata

MAHMUDUL HASAN

The core objective of Bata is not only to make shoes for profit but also to contribute to the community by providing employment and improving lives, according to Monica Pignal Bata, chairman of the Bata Shoe Organization.

"My grandfather believed that we are not just a company that makes shoes solely for profit, but we want to improve lives by making shoes for people," she said.

Monica explained how the company's goal goes beyond just making shoes.

"It is related to the improvement of communities. For example, when we arrived in Bangladesh, we were providing employment for many people, including numerous women for the first time, and that is the greatest thing we can give someone. We try to be very responsible contributors to every community we are in."

Monica visited Bangladesh for the first time to celebrate its Founder's Day on September 21, a global event for Bata that commemorates the company's remarkable journey.

The event brings together employees, customers, and communities worldwide to unite in the spirit of togetherness.

Founder's Day holds immense significance for Bata as it marks the anniversary of the company's establishment back in 1894 by Monica's grandfather.

"I came to celebrate Founder's Day, which was established to commemorate, to some extent, the founding of Bata by my grandfather and his siblings. It's a global event for Bata Shoe Organization," she added.

Bata is a global footwear

manufacturer and retailer, operating in more than 70 countries and serving millions of customers worldwide.

During her stay in Bangladesh, she visited BCP School to witness the impact of the Bata Children's Programme.

It was then that Bata announced its global partnership with SOS Children's Villages International.



Monica Pignal Bata

SOS Children is the world's largest organisation focused on ensuring that children and young people without parental care or at risk of losing it grow up with the relationships and support needed to become their strongest selves.

She said their primary focus at Bata is to demonstrate their strong bond with the countries within which they operate.

"In Bangladesh, we have very deep roots with a rich history of 60 years, and we feel a very close connection to this country, which holds an enormous amount of potential."

She spent the entire day with children that she described as a "wonderful surprise".

"It's a day when we come together across the world to share a glimpse of our values,

what we stand for, and what is important to us. Our aim is to improve lives."

Monica also said she is very pleased with her first trip to Bangladesh and that she considers herself privileged to be here.

According to her, Bata Children's Programme is unique and has a volunteering system within its employees.

"It's not the management that decides what to do. There is a Bata Children's Programme committee that can be made up of anyone who works for Bata. They decide which projects they would like to work on."

"We aim to empower children and emphasise mentorship. We have Bata employees who contribute their time, not just money."

Asked about the role of innovation in the global expansion of Bata, she said innovation is paramount for the company.

"It's absolutely crucial for us, and innovation is the key to our success."

"We spend so much time trying to improve our products. We try to improve the style, comfort, and even the materials used."

Monica said the company is also conscientious about sustainability, global warming, and climate issues.

"We are very interested in the circular economy. Even in our factories, we try to have the most sustainable facilities. Here in Bangladesh, I walked through the factory and it is exceptionally clean. We do not use any toxic materials."

Monica's grandfather, the first Tomas Bata, came from what was then Czechoslovakia,

READ MORE ON B2

Perennial financial insolvency of small enterprises

MONTAZ UDDIN AHMED

Micro, small, and medium enterprises (MSMEs) perform essential economic functions as major drivers of economic growth and social progress in Bangladesh as in other countries.

The contributions of MSMEs to employment creation, poverty alleviation, creation of new enterprises, start-ups, entrepreneurship development and innovation, and decentralised industrial growth are widely recognised and documented empirically in both developing and developed countries.

However, their full potential for growth and expansion is compromised to a great extent because of their financial insolvency resulting from restricted access to the sources of institutional finance from banks and non-bank financial institutions.

The chronic problem linked to access to equity capital, term loans and working capital loans, including bridge financing, continues to impede the growth, smooth operations, and expansion of SMEs.

Evidence from Asia-Pacific countries shows that financing barriers result in an average decline of 10 percent in the growth of small enterprises compared to 6 percent for their large counterparts.

Indeed, an avalanche of studies on SME financing issues conducted at national and cross-national levels are pouring in continuously in search of solutions to the financial insolvency of SMEs. However, empirical evidence suggests that a simple solution to an intractable problem needs the adoption of a holistic approach hitting the core issues causing it from both the supply and demand sides.

Broadly six compelling reasons cutting across both supply and demand sides are commonly cited to hamper the adequate flow of institutional credit to the sector: (i) information asymmetry; (ii) exceedingly high collateral requirements; (iii) high loan processing and transaction costs; (iv) high risks associated with SME lending; (v) high interest charges on SME loans; and (vi) difficulties in raising funds.

SME entrepreneurs typically experience extreme barriers to procuring funds at the most critical stages of start-up and survival to pass the "break-even point" by making money. Though short-term loans, working capital, and long-term loans from banks and non-banking financial institutions constitute the critically important source of funds, these are most difficult to come by.

In Bangladesh, about 30-40 percent of SMEs are recipients of institutional loans. While the trend is increasing, it is still grossly inadequate which acts as a serious obstacle to the sector's growth and expansion.

Corrective policy measures and the removal of institutional rigidities need to be introduced to prevent market failures and consequential size barriers.

State-owned commercial banks and specialised financial institutions living on subsidies from the government can't be the right vehicles to extend credits to the SME sector as they are reluctant and too costly and unaffordable to the SMEs.

Private commercial banks, given their underlying business philosophy of earning profits, can never be SME friendly to a desirable extent. Since they have branches all around, they may be convinced to work in partnership with micro-finance institutions and extend credit facilities deep down into rural areas and reach SMEs.

A critically important precondition for making effective SME friendly measures and regulatory regimes is that our political culture should be strongly supportive of the financial needs of SMEs.

The government has to initiate a number of rules and regulations to create an enabling environment for the new players to come forward with different types of financial products in the market. This is important to diversify and increase the depth of our capital and financial markets so that fund seekers may have better bargains and improve their financial health.

The author is former professor of the Department of Economics at the University of Dhaka

Eurozone inflation falls to two-year low

AFP, Brussels

Eurozone inflation fell to an almost two-year low in September, official data showed Friday, raising hopes that the European Central Bank will end its rate-hiking cycle.

The ECB has increased rates repeatedly to tame red-hot inflation, but the pain is being felt across the eurozone economy.

Consumer prices in the 20-nation single currency bloc rose by an annual rate of 4.3 percent, according to data published by Eurostat, down from 5.2 percent in August.

It is the lowest since October 2021.

The figure beat a consensus forecast by analysts compiled by financial data firm FactSet which said inflation would slow to 4.5 percent in September.

But inflation remains well above the ECB's two-percent target.

Friday's data will spur hopes among investors that the ECB will pause its rate-hiking cycle, as the eurozone economy weakens and concerns mount about the burden on households and businesses from higher borrowing costs.

Core inflation, which strips out volatile energy, food, alcohol and tobacco prices, also slowed in September, to 4.5 percent from 5.3 percent in August.

Core inflation is the key signal for the ECB.

"September's sharp drop in eurozone inflation was largely due to base effects,

but core inflation also came in below expectations. This reinforces our view that the ECB has finished raising interest rates," said Jack Allen-Reynolds, deputy chief eurozone economist at Capital Economics.

But he predicted any rate cuts will likely not come until late 2024.

ECB chief Christine Lagarde said Monday that she recognised the "pain" of the aggressive rate hikes but insisted they were necessary to tame inflation.

Core inflation, which strips out volatile energy, food, alcohol and tobacco prices, also slowed in September

European governments, including France, have raised opposition to any further rate rises.

France's central bank governor Francois Villeroy de Galhau said Friday that the drop in core inflation "confirms that our current benchmark rates are appropriate" for the inflation fight.

In a video posted on LinkedIn, Villeroy de Galhau said he was confident that eurozone inflation would return toward the ECB's two-percent target by 2025.

Inflation has steadily fallen since it reached a peak of 10.6 percent in October 2022 following the devastating effects of Russia's war on Ukraine across Europe.



A housing complex under construction by Chinese property developer Evergrande is seen in Wuhan, in China's central Hubei province on September 28. China's new home prices rose slightly in September, breaking a four-month decline, data showed yesterday, as developers sped up launches to take advantage of a recent slew of support measures.

PHOTO: AFP