

Star BUSINESS

Bangladesh Bank yesterday allowed individuals aged between 14 and 18 to create MFS accounts with their parents' approval

Story on B4



Etihad to cease Dhaka operations

RASHIDUL HASAN

Etihad Airways, the national airline of the United Arab Emirates, is going to cease its operation to and from Dhaka from October 29.

The airline is likely to stop its flight operations from Dhaka as a good amount of its fund got blocked in Bangladesh at a time when it was facing some other commercial challenges also, aviation insiders said.

The persisting US dollar crisis is one of the major reasons for the failure of most airlines to bring earnings back to their homes, they said.

Etihad is considering using its aircraft on other routes that now have high demand in the post-Covid period, said a leader of the Association of Travel Agents of Bangladesh, who has close connection with Etihad and requested anonymity.

However, officials of the Abu Dhabi-based carrier did not make any comment on their departure.

The airline shared the information with its stakeholders in Dhaka, including different travel agents, last week without mentioning any specific reason for the suspension.

A high amount of fund of Etihad has got blocked in Bangladesh, said an official of Air Arabia, a low-cost airline of the UAE based in Sharjah.

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Food inflation in

2023 In %
SOURCE: BBS



Non-food inflation

in 2023 In %



Pain deepens as food inflation stays above 12%

MD ASADUZ ZAMAN and MD FAZLUR RAHMAN

Food inflation in Bangladesh stayed above 12 percent for the second consecutive month in September as prices showed no signs of cooling down, hitting the pockets of the consumers who spend most of their incomes to feed families.

According to the data released yesterday by the Bangladesh Bureau of Statistics (BBS), food inflation stood at 12.37 percent last month, slightly down from August's 12.54 percent but nearly three percentage points higher from the rate seen in the identical

month a year prior.

Non-food inflation also fell, to 7.82 percent, which was 7.95 percent in August.

As a result, the Consumer Price Index (CPI), which measures the monthly change in prices paid by

consumers, rose 9.63 percent in September, down 29 basis points from more than a 12-year high recorded a month earlier.

A recent surge in inflation eroded consumer purchasing power, contributing to a

deceleration in estimated private consumption from 7.5 percent to 3.5 percent, according to the World Bank.

"It has really become unbearable. The prices of everything are very high," said Meer Rasel, a university graduate, who is looking for public sector jobs.

"The frequency of popular fish and meat coming to our plates has reduced as we have to manage within our means."

The 26-year-old shares a two-bedroom flat in the capital with eight others and bears most of his expenses from his income through tutoring.

READ MORE ON B3

Financial sector vulnerabilities may worsen: WB

STAR BUSINESS REPORT

Bangladesh's financial sector vulnerabilities may worsen due to an increase in bad loans and create further pressure in terms of liquidity in the banking system, warned the World Bank (WB) yesterday.

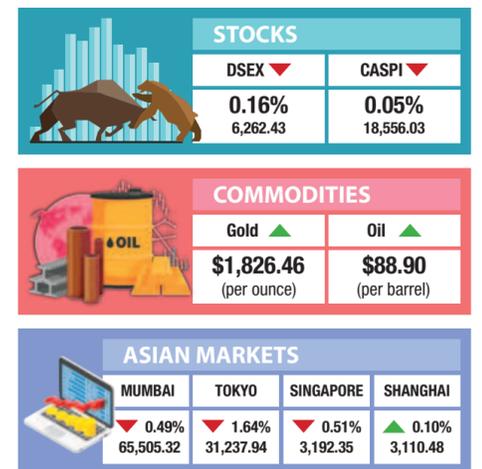
The caution comes due to a rise in total stressed assets, including rescheduled loans, non-performing loans (NPLs) and net written-off loans.

At the end of June this year, default loans hit an all-time high of Tk 156,039 crore due to a relaxed central bank policy, slowdown in business sales and deliberate non-payments, showed Bangladesh Bank data.

The WB, citing the central bank's latest Financial Stability Report, said stressed assets grew nearly three-fold, reaching Tk 377,920 crore at the end of 2022 from Tk 134,010 crore four years ago.

The amount of distressed loans was 9.5 percent of Bangladesh's gross domestic product last year, according to the multilateral agency, which says

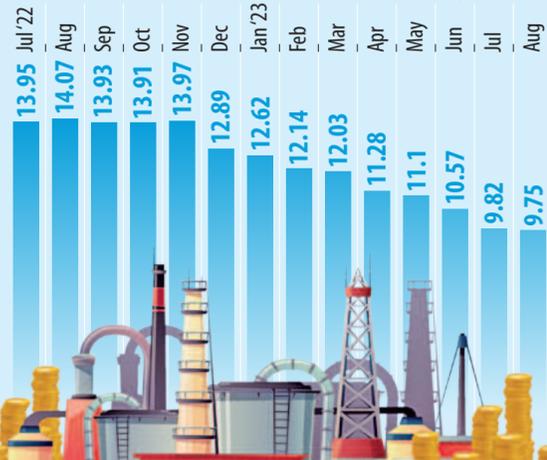
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REASONS BEHIND SLOW CREDIT GROWTH

- Rising lending rate
- A go-slow strategy ahead of election
- Volatility in forex market
- Tight liquidity in most banks
- Lacklustre loan recovery
- High NPLs in banks

TREND OF PRIVATE SECTOR CREDIT GROWTH (In %)



SOURCE: BB

Private credit growth continues to drop

Hits 22-month low in August

MD MEHEDI HASAN

Private sector credit growth in Bangladesh has continued to dip in recent months, with banks and borrowers adopting a go-slow strategy amidst the stress on the economy and growing apprehensions of a political crisis centring the upcoming parliamentary elections.

In August, the growth was 9.75 percent year-on-year whereas it was 9.82 percent in the preceding month, showed Bangladesh Bank data.

The August figure was the lowest since October 2021 when it stood at 9.44 percent.

It was also 1.15 percentage points lower than the BB's target of 10.90 percent set for the first half of fiscal year 2023-24.

However, the BB projects that private sector credit growth will stand at 11 percent year-on-year at the end of fiscal year 2023-24, meaning next June.

Bankers also attributed it to a rising lending rate following a recent interest rate cap withdrawal, tight liquidity in

a majority of banks and a lacklustre performance in loan recovery.

Banks and borrowers have taken a go-slow strategy while the lending rate started to rise after the withdrawal of the cap at 9 percent, Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, told The Daily Star yesterday.

BB projects that private sector credit growth will stand at 11 percent at the end of fiscal year 2023-24

During the unveiling of a new monetary policy in June this year, Bangladesh Bank withdrew the cap and introduced a new system for fixing the lending rate.

As per the central bank's new formula, banks can impose a 3 percent margin on the six-month moving average rate of treasury bills, abbreviated as SMART.

The SMART was 7.20 percent in September and will be applicable for October, up from 7.14 percent in August.

Moreover, import financing has come down due to austerity measures amid falling foreign exchange reserves, said Ahmed.

He, however, hopes for the credit demand to increase next year.

Consumer demand has been adversely affected by skyrocketing inflation, which has led to a slower credit demand, Sohail RK Hussain, managing director of Meghna Bank, told The Daily Star recently.

Inflation stood at 9.63 percent in September, much higher than the government target.

Import of luxury products, including automobiles, have sharply dipped due to the austerity measures of the government and central bank meant to save foreign currencies, the reserves of which declined about 25 percent over the past one year, said Hussain.

The country's gross forex reserves were at \$21.11 billion as of September 27, as per the BB data.

The senior banker also blamed slow credit recovery for the decline in the availability of loanable funds.

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Dhaka Bank, BIP launch co-branded Visa credit cards

STAR BUSINESS DESK

Dhaka Bank Ltd and the Bangladesh Institute of Planners (BIP), in association with Visa, recently launched co-brand credit cards.

Shirin Sharmin Chaudhury, speaker of the national parliament of Bangladesh, attended the unveiling ceremony of the co-branded credit cards.

Mohammad Abu Jafar, acting managing director of the bank, and Mohammad Fazle Reza Sumon, president of the BIP, inaugurated the cards at Pan Pacific Sonargaon Dhaka, said a press release.

Shamsul Alam, state minister for planning, Md Mostaque Ahmed, deputy managing director and chief emerging market officer of the bank, HM Mostafizur Rahaman, executive vice-president and head of retail business division, Ashish Chakraborty, director of business development for South Asia at Visa, and Siraj Siddiquey (Shakil), director and head of products and solutions for South Asia, were present.



Shirin Sharmin Chaudhury, speaker of the national parliament of Bangladesh, attends an unveiling ceremony of co-branded credit cards, jointly launched by Dhaka Bank and the Bangladesh Institute of Planners in association with Visa, at Pan Pacific Sonargaon Dhaka recently.

PHOTO: DHAKA BANK



Md Shaheen Howlader, deputy managing director of NRB Bank, and Mohammad Mozammel Haque Bhuiya, head of marketing and sales of Astra Airways, exchange signed documents of an agreement at the former's corporate head office in Dhaka recently.

PHOTO: NRB BANK

NRB Bank, Astra Airways strike deal

STAR BUSINESS DESK

NRB Bank Ltd recently signed an agreement with Astra Airways, a privately-owned airline.

Md Shaheen Howlader, deputy managing director of the bank, and Mohammad Mozammel Haque Bhuiya, head of marketing and sales at the airline, inked the deal at the former's corporate head office in Dhaka, said a press release.

Under the agreement, the bank's debit and credit cardholders will get a 10 percent discount facility on the base fare on domestic routes from the airline.

Mamoon Mahmood Shah, managing director and CEO of the bank, Khaja Wasiullah, in-charge of card division, AFM Rubayat-Ul Jannat, assistant general manager for brand marketing at the airline, and Md Shafiqul Hassan, head of strategic alliance, along with other officials from both organisations, were present.

IFIC Bank holds remittance roadshow in New York

STAR BUSINESS DESK

IFIC Bank recently organised a remittance roadshow styled "IFIC Bank Remittance Roadshow" in a bid to increase the flow of remittances to Bangladesh through legitimate banking channels in different areas of New York.

ARM Nazmus Sakib, Quamrun Naher Ahmed, Md Golam Mostofa and Sudhangshu Shekhar Biswas, members of the board of directors at the bank, and Shah Alam Sarwar, managing director and chief executive officer, attended the roadshow.

"The bank, well-known for its expansive

branch network, has significantly enhanced accessibility of its services for the public," said Sarwar, adding that this development allows expatriates to send remittances to their loved ones efficiently and securely through both traditional banking channels and mobile financial services.

The four-day roadshow was held at Queens, Jamaica, Bronx and Brooklyn in New York City from September 24 to September 28, said a press release.

US diaspora and non-resident Bangladeshis residing in New York took part in the roadshow.

Oil price edges lower

REUTERS, London

Oil prices slipped in early trade on Tuesday, after falling to a three-week low in the previous session, on a stronger US dollar, rising US bond yields and mixed supply signals.

Brent futures dipped 30 cents to \$90.41 a barrel as rising US yields and US West Texas Intermediate crude (WTI), crept 18 cents lower to \$88.64 per barrel. Earlier, prices had been down by about 1 percent.

"(Brent) crude oil prices slid to (around) \$90 a barrel as rising US yields and a stronger US dollar dominated market sentiment," ANZ analysts said in a client note.

"While supply remains tight, higher interest rates means expensive storage

of inventories. This could lead to further destocking of oil inventories while increasing spot availability."

The US dollar on Monday rose to a 10-month high against a basket of major peers after the US government avoided a partial shutdown and economic data fuelled expectations the Federal Reserve will keep rates higher for longer, which could slow economic growth.

Higher interest rates and a stronger dollar makes oil more expensive for holders of other currencies, which could dampen oil demand.

Meanwhile, an announcement by Turkey's energy minister that the country will restart operations this week on a pipeline from Iraq that has been suspended for about six months further weighed on prices.

Towfika Aftab re-elected Citizens Bank chairperson

STAR BUSINESS DESK



Towfika Aftab has been re-elected as chairperson of Citizens Bank PLC.

Towfika has been in the legal profession for the past 26 years and acquired a good reputation for her professional acumen and dexterity.

In recognition of her immense contribution to promoting human rights, she was co-opted as a member of National Human Rights

Commission in 2019 by the president of Bangladesh.

She served as a government appointed legal prosecutor in the Bangabandhu Sheikh Mujibur Rahman and four national leaders' murder cases.

To provide legal assistance to the deprived and helpless prisoners, Towfika founded a charitable and non-political organisation named "Legal Assistance to Helpless Prisoners and Persons".

She is associated with charitable and welfare-oriented organisations like Inner Wheel, a widely recognised international women's voluntary service provider.

She obtained her master's degree in political science and an LLB from the University of Dhaka.

Rouble recovers

REUTERS

The Russian rouble weakened past the symbolic threshold of 100 to the dollar before recovering slightly in early trade on Tuesday, weighed down by foreign currency outflows and the country's shrinking current account surplus.

The rouble's last tumble into triple digits in August led the Bank of Russia to make an emergency 350-basis-point rate hike to 12 percent and authorities discussed reintroducing controls to buttress the currency.

By 0645 GMT, the rouble was 0.2 percent stronger against the dollar at 99.58, having hit 100.2550 in early trade, a more than seven-week low.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (OCT 3, 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	-1.01 ↓
Loose flour (kg)	Tk 42-Tk 45	-8.82 ↓	-20.18 ↓
Lentil (kg)	Tk 105-Tk 110	13.16 ↑	13.16 ↑
Soybean (litre)	Tk 155-Tk 160	0	-5.97 ↓
Potato (kg)	Tk 42-Tk 50	5.75 ↑	67.27 ↑
Onion (kg)	Tk 80-Tk 90	0	112.5 ↑
Egg (4 pcs)	Tk 48-Tk 50	-4.85 ↓	1.03 ↑

SOURCE: TCB



Farah Kabir, executive director of ActionAid International Bangladesh Society, and Samia Chowdhury, chief executive officer of MTB Foundation, exchange signed documents of an agreement on a community strengthening project at the latter's corporate head office in Gulshan recently.

PHOTO: MUTUAL TRUST BANK

MTB Foundation, ActionAid Int'l Bangladesh Society sign deal

STAR BUSINESS DESK

MTB Foundation recently signed an agreement with ActionAid International Bangladesh Society for a project styled "Community Strengthening Project for Indigenous Community in Bandarban".

Farah Kabir, executive director of ActionAid International Bangladesh Society, and Samia

Chowdhury, chief executive officer of MTB Foundation, inked the deal at the bank's corporate head office in Gulshan, said a press release.

Under this agreement, the foundation will fund the construction and repairing of the Gravity Flow System (GFS) at Naikhyongpara and Halirampara in Thanchi. It will also provide support for construction of sanitation facilities at Halirampara, Thanchi.

Among others, Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, Chowdhury Akhtar Asif, additional managing director and GCRO, Md Khalid Mahmood Khan, additional managing director and chief business officer, Kazi Morshed Alam, head of programme and engagement at the non-governmental organisation, other senior officials were present.

Dollar surges

REUTERS, Tokyo/London

The euro, pound and yen all traded at multi-month lows on Tuesday, with the Japanese currency on the brink of weakening past the psychological 150 per dollar level, as surging US Treasury yields kept the dollar firmly on the front foot.

The euro was steady on the day at \$1.0477, still around its weakest since early December 2022, after a near-1 percent plunge on Monday when US manufacturing data came in strong and Federal Reserve officials said monetary policy would need to stay restrictive for "some time".

The combination of that and an agreement to avert a partial US government shutdown sent benchmark Treasury yields to as high as 4.704 percent in Asian hours on Tuesday, a 16-year peak, in turn driving the dollar higher.

"There are two very powerful things that are supporting the US dollar at the moment, the real rate differential is favourable to the US and the US economy is outperforming," said Samy Chaar, chief economist at Lombard Odier.

'Real' interest rates, unlike nominal ones, factor in inflation which is falling faster in the United States than in Europe.

Chaar said he also thought there were technical factors driving the sell-off in US Treasuries, possibly capitulation by major investors as the economic situation, in his view, did not justify yields continuing to rise.

The pound was down 0.15 percent at 1.2075, roughly its lowest since March, and traders were focused on the Japanese yen which was a whisker stronger on the day at 149.69 per dollar, but still around its weakest in nearly a year and just shy of the 150 per dollar level that some see as potentially pushing Japanese authorities to intervene to prop up the currency.

World Bank

FROM PAGE B4

Initial signs of improvement had emerged in August, with factory production 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.

Analysts say more policy support will be needed to ensure China's economy can hit the government's growth target of about 5 percent this year.

Stronger structural reforms including further liberalisation

of the "hukou" residence permit system, stronger social safety nets and greater regulatory predictability for investments in innovative and green products could help revive consumption and investment, creating the basis for sustainable growth, the World Bank said.

China's economic sluggishness has polarised government advisers over the best way forward.

The pro-reform camp is beating the drum for faster structural reforms, including relaxing the hukou system, to spur consumption and removing market entry barriers for private firms at the cost of state giants.

Indian economy

FROM PAGE B4

above the upper end of the central bank's target band for a second consecutive month.

The World Bank warned food-price driven inflation could dampen consumption, but private investments and government spending are likely to be robust.

"Higher prices are there. Naturally, you would expect consumption to come down," said Dhruv Sharma, India economist at the bank. But he added that the "overall conditions are still quite conducive for things like private investment, investment overall."

To tame inflation the Indian

government has taken a number of supply side measures including an export ban on non-basmati rice and a 20 percent duty on exports of parboiled rice.

"I think these measures are going to be effective, although they're not necessarily measures to be recommended in normal times," said Auguste Kouame, country director at World Bank.

World Bank said the overall South Asia economy is expected to grow by 5.8 percent in 2023, which is slower than its pre-pandemic pace and not fast enough to meet its development goals.

Apple working

FROM PAGE B4

causing them to overload the system."

Apps that seemed to be making chips inside iPhones heat up due to workloads included Instagram, Uber and an Asphalt 9 car racing game, according to online posts.

An Apple support page told users that it is common for iPhones to feel warm when initially being set up or when being used for graphics-intensive apps like games.

"These conditions are normal and

your device will return to a normal temperature when the process is complete or when you finish your activity," the support page explained.

Apple iPhone 15 models launched on September 22, their Lightning charger ports replaced by a universal charger after a tussle with the European Union.

The release comes as Apple faces declining sales of iPhones, with higher prices pushing customers to delay switching to newer models.

UK shop price inflation at lowest in a year

REUTERS, London

Prices in British store chains rose at the slowest pace in a year in September, according to industry data that adds to signs that the UK's high inflation rate is set to extend its recent fall.

The British Retail Consortium said annual shop price inflation cooled to 6.2 percent last month from 6.9 percent in August, its lowest since September 2022.

Food price inflation fell for the

fifth month in a row to 9.9 percent from 11.5 percent and was down for the first time in more than two years in month-on-month terms.

Non-food inflation eased to an annual 4.4 percent from 4.7 percent.

"We expect shop price inflation to continue to fall over the rest of the year," BRC Chief Executive Helen Dickinson said.

"However, there are still many risks to this trend - high interest rates, climbing oil prices, global shortages of sugar, as well as the

supply chain disruption from the war in Ukraine."

The BRC's shop price inflation measure is seen as an early signal for the broader official consumer price index which has fallen from a peak of over 11 percent last October to 6.7 percent in August.

The Bank of England paused its run of interest rates in September after 14 back-to-back increases but has stressed it will probably keep them high for a period to squeeze inflation pressures out of the economy.

Think tank launched to promote tourism

STAR BUSINESS REPORT

A non-profit think tank has recently been launched to promote tourism and harness its development opportunities at home and abroad with stakeholders including public and private entities, researchers, professionals and journalists.

"Global Sustainable Tourism Network Bangladesh" was launched on Monday through the nomination of its chairman and executive director, Md Abdus Samad and Abu Sufian respectively, for a five-year tenure, says a press release.

Mustafa Osman Turan, foreign relations advisor to the mayor of Istanbul and the immediate past Turkish ambassador to Bangladesh, was also nominated as its adviser.

The platform also has 14 founding executive board members, two of whom are also university chapter heads.

Rupee weakens

REUTERS, Mumbai

The Indian rupee fell on Tuesday as elevated US Treasury yields and broad strength in the greenback weighed on Asian currencies.

However, likely intervention by the Reserve Bank of India (RBI) helped the local unit stay away from lifetime lows.

The rupee was at 83.20 against the US dollar as of 11:15 am IST compared with a close of 83.04 in the previous session.

The RBI likely sold dollars in the non-deliverable forwards market, before the spot market opened, five traders said.

"They (RBI) are likely to keep supplying dollars to limit moves to 83.24-83.25 levels," a foreign exchange trader at a private bank said.



The demand for milk to be used in producing sweets is considerably higher in urban areas such as Dhaka. And as most milk is produced in rural areas, boats are often seen collecting the raw material in pails before carrying them via waterways to different markets. The picture was taken from Sandhya river in Pirojpur recently.

PHOTO: TITU DAS

Use of bandwidth to shoot up by 600% in 7 years

Telecom minister Mustafa Jabbar says

STAR BUSINESS REPORT

The use of internet bandwidth will shoot up by 600 percent in seven years to 30,000Gbps as people ramp up internet use, said telecom minister Mustafa Jabbar.

"Currently, around 13 crore people are using around 5,000 Gbps internet. 30,000 Gbps internet will be used in the country in 2030. In 2008, the cost of internet per Mbps was Tk 27,000 but now it has been reduced to only Tk 60 under the 'One Country One Rate' initiative," he said.

He was speaking at the opening session of the three-day "24th South Asian Telecommunication Regulators Council (SATRC-24) Meeting" at Le Meridien Dhaka.

Approximately 100 delegates, including the heads of telecommunication and information technology regulatory bodies of nine member countries in South Asia, telecom operators, telecom and information technology experts and officials from public and private organisations will participate.

The council was organised by the Bangladesh Telecommunication Regulatory Commission (BTRC) and Asia-Pacific Telecommunity (APT) under the supervision of Posts and Telecommunications Division,

Ministry of Posts, Telecommunications and Information Technology.

Jabbar said 4G network coverage had reached 98 percent of the country.

"Fiber optics have reached every union. Smart Bangladesh will be developed in 2041 on the strong foundation of digital connectivity," he added.

Currently, around 13 crore people are using around 5,000 Gbps internet and 30,000 Gbps will be used in the country in 2030, the minister said

Abu Hena Morshed Zaman, secretary of the posts and telecommunications division, chairman of BTRC Shyam Sunder Sikder and Secretary General of AIP Masanori Kondo also spoke.

Shirin Sharmin Chaudhury, speaker of the parliament, was present at the inaugural session as chief guest.

Chaudhury said that since its establishment in 1997, SATRC has been playing an important role in various fields, including knowledge exchange among member

countries, technological development and implementation of digital infrastructure as well as setting action plans, regulation and development and adoption of policies in the telecommunications sector.

She said Bangladesh has undertaken activities to ensure high-speed broadband connectivity in marginal areas while providing technical training to the youth.

She also expressed hope that the action plan adopted in the three-day conference would contribute to the technological development of the emerging economies of South Asia.

SATRC was established with the combination of telecommunication regulatory bodies of South Asia. This forum sets policies on spectrum coordination, standardisation, regulatory trends, telecommunication development strategies, regional cooperation and international issues in the field of telecommunications.

A total number of nine sessions alongside two roundtable meetings, titled "Regulators' Roundtable: Regulatory Interventions" and "Innovations for Sustainable Digital Future" are scheduled for the three-day long conference. Two dialogues, titled "Regulator-Industry Dialogue: Spectrum for Future" are also scheduled.

Homeland CEO removed by Idra

SUKANTA HALDER

Homeland Life Insurance Company Ltd's chief executive officer (CEO) Biswajit Kumar Mondal was removed from his post after failing to provide necessary information to an audit firm appointed by the Insurance Development and Regulatory Authority (Idra).

In August this year, Idra sought clarification about why the company did not provide adequate information and why its CEO should not be removed.

A letter signed by Idra Executive Director (Life) Nazneen Kawshar Chowdhury and sent to the company on September 21 stated that the CEO was removed under the Insurance Act 2010.

The letter states that the interests of the company and policyholders have been affected because the audit could not be completed properly.

Idra appointed chartered accountant's firm Hussain Farhad & Co in September 2022 to audit the insurer's financials for the 2018-2020 period.

The audit firm then said in a letter to Idra in June 2023 that despite repeated demands, they did not receive adequate documents from Homeland Life Insurance.

Therefore, it is not possible for them to conduct special audit activities properly, the letter said.

The letter also states that many policyholders have complained to Idra regarding non-payment of insurance claims. Some filed cases in various police stations and courts.

Apart from this, allegations of misappropriation of company money have also been raised at different times, the letter said.

It further states that Biswajit Kumar Mandal was not CEO during the period that is under audit.

But as he did not provide the necessary documents and information to the auditing firm, a complete picture of the company's financial affairs, such as premium income, expenses and payment of insurance claims, was not obtained.

By not providing those documents, he was hiding the irregularities of his predecessors, Idra stated in the letter.

More than 37,000 clients of Homeland Life Insurance Company Ltd were facing uncertainty about whether they will get their insured amount owing to a lack of liquidity at the insurer caused by alleged irregularities, according to a report by The Daily Star which was published in July this year.

The company is not settling claims of around Tk 79 crore, it said.

This prompted 6,820 policyholders to lodge complaints with the regulator over the past year as claims were not settled despite reaching maturity, the report added.

Idra estimated that Tk 198 crore has been embezzled from the company, the report also added.

According to Idra, the ratio of the company's policies that lapsed in the second year stood at 68 percent, 62 percent and 66 percent in 2019, 2020 and 2021, respectively.

Some 72 percent of the policies lapsed in their third year in 2019 and it was 80 per cent in 2020, it said, adding that only a small number of policies reached maturity.

Of the 2,980 agents of the company, the licences of 2,903 expired.



Pain deepens

FROM PAGE B1

his expenses from his income through tutoring. He has been forced to stop purchasing fruits as prices have gone through the roof.

In Bangladesh, inflation has accelerated in the past one year and a half years owing to a mixture of external and internal factors.

External factors include supply chain disruptions following Russia's invasion of Ukraine and higher international commodity prices, while domestic factors include a 28 percent depreciation of the taka against the US dollar since February last year, and persistent foreign currency shortages, driven by a 30 percent drop in the reserve, leading to import restrictions.

In a report yesterday, the World Bank said a 179 percent hike in the administered gas for the industrial sector, coupled with an increase in administered electricity prices led to higher prices for manufactured products.

Higher administered diesel prices affected irrigation and the prices of agricultural products. A more than 40 percent spike in the administered prices of petroleum products in the domestic market impacted transportation costs, which, in turn, affected retail prices.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said the over 12 percent food inflation came on top of the 9.08 percent food inflation seen in September 2022.

He explained if someone spent Tk 100 for a product in September of 2021, the price came at Tk 109 in the same month of 2022 and nearly Tk 122 this September.

The spike is almost double the official rate of food inflation. "People are under tremendous pressure to meet the food expenditures in both rural and urban areas," said Selim Raihan, a professor of economics at the University of Dhaka.

"Not only the poor but also the middle-income groups with fixed incomes are reeling under the price pressure as they have to spend the lion's share of their income to afford it."

"It's unprecedented that food inflation has stayed at an elevated level for a long time."

The central bank has adopted a contractionary monetary policy stance and raised the policy rate half a dozen times since the war broke out to bring down inflation. However, monetary policy transmission was impaired by caps on lending interest rates, the World Bank said.

On September 14, the government fixed prices of three food items, namely eggs, onions and potatoes. It has capped the price of sugar and liquefied petroleum gas as well.

"The price cap is not working. A chaotic situation exists in the market," said Prof Raihan, adding that the monetary policy is not working right now.

"It is clear that the government's initiatives have been of no use."

He said the government could have reduced import duties on food items to cool down the market. "But there is no such initiative."

Prof Mustafizur said owing to the higher inflation, the purchasing power of common people is continuously eroding and making a living has become tougher for them.

"There is poor market management, monitoring, and a lack of proper information-based policy when it comes to fighting higher inflation. There is a big implementation failure here on the part of the government."

Ghulam Rahman, president of the Consumers Association of Bangladesh, said the latest inflation data pointed out that there is no respite from persisting price pressures.

"The spiralling inflation has had negative impacts on the lives of people. And there is no sign that prices will fall soon."

Prof Raihan warns that inflation may jump further due to a lack of priorities from the government in the coming months as political issues will receive utmost importance in the coming quarter instead of economic matters owing to the impending election.

Both he and Prof Mustafizur urged the government to give priority to reining in inflation using institutions like the BB, the National Board of Revenue, the Directorate of National Consumer Rights Protection, the Bangladesh Competition Commission and the commerce ministry and sell more items among the poor and the low-income groups through the Trading Corporation of Bangladesh at subsidised rates.

The World Bank also said absent policy tightening, inflation is likely to remain elevated in the near term and gradually subside if import prices stabilise in the medium term.

"In the near term, monetary and exchange rate policy changes are needed to reverse the decline of reserves and contain inflationary pressure."

Etihad to cease Dhaka operations

FROM PAGE B1

Because of the blocked funds, Etihad could not remit a large part of its earnings to the UAE in the last two years, the official said preferring anonymity.

The tolerance of all airlines is not the same and it might have been too tough for Etihad to tolerate further, the official said.

Aviation expert Kazi Wahidul Alam believes the failure of remitting money back home might have been one of the major reasons for Etihad to take such a decision.

Not only Etihad, a good amount of money of other foreign airlines operating in Dhaka is now blocked in Bangladesh, he said.

Financial sector vulnerabilities

FROM PAGE B1

that the share of bad/loss category of NPLs has been increasing since 2012. The bad/loss loans constituted 88.7 percent of total NPLs in 2022.

"This indicates that the majority of NPLs have remained non-performing for a long period of time," said the WB in its Bangladesh Development Update released yesterday at its office in Dhaka.

"Banking sector vulnerabilities deepened, with a rise in stressed assets," it added.

The latest BB data showed that the gross NPL ratio increased to 10.11 percent of total outstanding loans from 8.8 percent in March 2023. The proportion of NPLs was 8.96 percent a year ago.

The WB said loan-loss provisioning deteriorated, covering only 58 percent of NPLs at the end of March 2023.

It said the capital adequacy ratio declined to 11.2 percent in March 2023 from 11.4 percent the previous year.

"However, these financial soundness indicators understate banking sector vulnerabilities due to lax regulatory definitions, reporting

standards, forbearance measures, and weak regulatory enforcement," the WB said.

The international financial agency said profitability indicators of banks and financial institutions were enhanced by loan rescheduling.

In 2022, profits after provision and tax increased by 183.3 percent to Tk 14,230 crore from Tk 5,020 crore last year, it said.

"Loan rescheduling enabled banks to avoid recognising impaired assets, artificially boosting profitability," the WB said.

The multilateral agency said addressing financial sector vulnerabilities is fundamental to supporting economic growth.

"Increased stressed assets in the banking system and existence of chronic under-capitalised banks necessitate immediate measures to strengthen weak bank management and financial sector safety nets, including deposit insurance and other crisis preparedness measures."

It said in addition to recognising NPLs in line with international standards, a viable NPL resolution mechanism, improvement of corporate governance and

modernisation and restructuring of state-owned banks remain critical.

The international financial organisation said addressing longstanding structural reforms could accelerate the pace of the recovery and strengthen resilience to future shocks.

"Bold steps are needed," said Abdoulaye Seck, its country director for Bangladesh and Bhutan, at the launch of the report.

He said the risk of a financial crisis should not be underestimated and added that financial sector reform is most important.

Private credit

FROM PAGE B1

Banks' lending capacity has continued to decline due to record high non-performing loans (NPLs), said a private commercial bank's chief executive officer (CEO) on seeking anonymity.

At the end of June this year, the NPLs stood at Tk 156,039 crore or 10.11 percent of the total disbursed loans, as per the latest data available with Bangladesh Bank.

A good number of banks, including some Islamic ones, are now facing a liquidity shortage and are running their banking activities taking liquidity support from the call money market and the central bank, said the CEO.

Six banks and one non-bank financial institution took Tk 3,507 crore under a seven-day repurchase agreement (repo) facility from the central bank last Monday.

Business is on the wane, so businesspeople are not interested in securing fresh bank loans, said Md Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association.

"Export orders have fallen due to the volatility in the global economy," he said.

globally in terms of blocking funds of different foreign airlines operating in the country.

The top five countries account for 68 percent of blocked funds.

These comprise: Nigeria [\$812.2 million], Bangladesh [\$214.1 million], Algeria [\$196.3 million], Pakistan [\$188.2 million] and Lebanon [\$141.2 million].

The IATA said the industry's blocked funds have increased by 47 percent to \$2.27 billion in April 2023 from \$1.55 billion in April 2022.

IATA is the trade association for the world's airlines, representing some 300 airlines, or 83 percent, of total air traffic.

However, Etihad has said it will refund the full amount of prices of tickets booked earlier and no penalty or administrative fee will be charged for this.

Even, the passengers with return tickets will also be refunded who have travelled one way.

Etihad currently operates a flight daily on the Dhaka-Abu Dhabi-Dhaka route with a Boeing Dreamliner.

Air Arabia Abu Dhabi and Bangladesh's national flag carrier Biman also fly on the Dhaka-Abu Dhabi route.

Earlier in a statement on June 4 this year, the International Air Transport Association (IATA) said Bangladesh has ranked second

Deshbandhu Polymer's profit climbs 25%

STAR BUSINESS REPORT

Deshbandhu Polymer Limited posted a 25.5 percent year-on-year increase in profit in the last financial year.

The PP woven bag and liner manufacturer clocked a profit of Tk 3.63 crore in 2022-23, up from Tk 2.88 crore in 2021-22. Thus, earnings per share rose to Tk 0.59 from Tk 0.47, according to the financial statements.

The net asset value per share increased to Tk 19.20 from Tk 18.93 while the net operating cash flow per share saw an improvement to Tk 0.91 from Tk 0.74.

The board of the company recommended a 2.5 percent cash dividend for the year that ended on June 30, according to a filing on the Dhaka Stock Exchange.

Shares of Deshbandhu Polymer surged 18.34 percent to Tk 27.10 yesterday.

The company's products are used in packing sugar, fertiliser, cement, food grain, flour, chemical, cattle feed, fish feed and rice.

Apple working to fix iPhone 15 'bug'

AFP, San Francisco

Apple on Monday said it is working to fix a "bug" it said was among reasons some newly released iPhone 15 smartphones are heating up.

The iPhone maker will address the problem in an update to its iOS 17 mobile operating software and is collaborating with developers of some apps adding to the problem, according to the Silicon Valley tech giant.

"We have identified a few conditions which can cause the iPhone to run warmer than expected," Apple said in response to an AFP inquiry.

Some handsets of the freshly-launched iPhone may feel warmer for a few days after initial set-up due to increased background activity, according to Apple.

"We have also found a bug in iOS 17 that is impacting some users and will be addressed in a software update," Apple said.

"Another issue involves some recent updates to third-party apps that are causing them to overload the system."

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A green garment factory in Bhaluka, Mymensingh. Bangladesh currently has 202 LEED-certified garment and textile units, of which 73 are of a platinum level, 115 gold, 10 silver and four green.

PHOTO: COLLECTED

RMG green practices a self-motivated marketing strategy: CPD study

STAR BUSINESS REPORT

Sustainable and environment-friendly practices adopted by a section of Bangladesh's garment and textile manufacturers are mainly a marketing strategy driven by self-motivation, according to a new study of the Centre for Policy Dialogue (CPD).

Self-motivation was the factor for 69.70 percent of the factory owners, found the study on securing green transition of the textile and garment sector in Bangladesh, revealed through a ceremony organised by the CPD at Amari Dhaka yesterday.

Some 54.55 percent adopted those as a marketing strategy while 39.39 percent to gain market competitiveness.

The adoption of the practices accelerated after the Tazreen Fashions fire and Rana Plaza building collapse mainly to improve the country's image amidst criticisms from international communities over poor workplace safety and labour rights.

Though not a requirement of international clothing retailers and brands, the shift had other perks such as savings on energy and water bills and better productivity and health of workers form working in improved workplace environments.

However, the factory owners have been demanding premium prices from their trading partners, reasoning that clothes made through such practices are a big draw for conscious buyers and a few billion US dollars have already been invested for the purpose.

Bangladesh currently has 202 LEED-certified garment and textile industries, of which 73 are of a platinum level, 115 gold, 10 silver and four green.

The Leadership in Energy and Environmental Design (LEED) certification is provided by United States Green Building

Council.

The LEED certification level depends on how much a project adhered to prerequisites and credits that address carbon, energy, water, waste, transportation, materials, health and indoor environmental quality.

Bangladesh is home to 13 of the world's 15 top-rated LEED certified green factories. Another 500 units are currently engaged in securing the certification.

The adoption of green practices accelerated after the Tazreen Fashions fire and Rana Plaza building collapse mainly to improve the country's image

The green practices have some benefits such as worker health improvements and compliance to standards, but fair wages are also important and the brands have the rules to play for fair wage, said EU Ambassador to Bangladesh Charles Whiteley.

The wage issue is now going through a pivotal moment as the Tk 8,000 minimum monthly salary of garment workers fixed five years ago is currently under review, he said.

The amount is not conducive to healthy living as people worldwide are struggling with rising living expenses, he added. "So, the onus is not only on the government, the onus is not only on the industry, but also the onus is also on the brands and buyers," said Whiteley.

There are excellent examples of real engagements and partnerships, he said, citing one between the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Swedish retail giant H&M on reducing carbon emissions by 30 percent by

2030.

Consumers in Europe also have to wake up at this difficult time and they need to pay more for garment items, he said. "Get the fair price in Europe, pay the workers well and be compliant," he said.

It is tricky mix and not so easy, added Whiteley.

Financing and trade benefits can be availed but Bangladesh must retain its competitiveness after the 2026 United Nations country status graduation and diversify exports, he said.

Sharing the study findings, Muntaseer Kamal, a CPD research fellow, said 182 garment factories, 221 textile factories and 4,541 workers were surveyed.

Small and medium enterprises have limited ability to adopt green technologies compared to the large ones, the study also said.

Harmonised adoption of green practices is important as the requirements are different depending on the buyers, said CPD Executive Director Fahmida Khatun while moderating the seminar.

Initiatives solely by the factory owners and the government are not enough as the workers and international communities should also be involved in adopting the shift, she said.

Such studies could be conducted on other sectors, suggested Md Shahidullah Azim, a BGMEA vice-president.

The greening initiatives are there in the government's eighth five-year plan, said State Minister for Planning Shamsul Alam.

Dhaka is one of the world's dirtiest cities and it needs to be addressed through the initiatives, he said.

Bangladesh will be a trillion-dollar economy by 2032, when 30 of the planned 100 special economic zones will go into operation, he said.

14-18 year olds allowed to open MFS accounts

MAHMUDUL HASAN

Bangladesh Bank yesterday allowed individuals aged between 14 and 18 to create MFS accounts with their parents' approval in a move that could boost digital transactions.

The move aimed to facilitate digital transactions for the youth as part of the government's endeavour to develop a cashless country, Bangladesh Bank said in a circular.

To open an account, individuals in the 14-18 age bracket must enter their birth certificate number and national identity number. Their guardian must then link their account with their child's account through an OTP.

Money can only be received from their guardian's MFS, bank accounts, cards and e-wallets. They cannot add money from agent points or accounts owned by someone other than their guardian.

Both the person who wants to open the account and their guardian must be citizens of Bangladesh.

Such accounts can receive a maximum of Tk 5,000 daily and Tk 30,000 monthly and cash out Tk 5,000 daily and Tk 25,000 monthly.

The BB directed MFS providers to monitor the accounts intensively.

About 20.95 crore users have been registered with 13 MFS providers as of July in a country of about 17 crore people, with many using multiple accounts.

MFS providers welcomed the move.

"We welcome the Bangladesh Bank's timely move that will allow young people aged between 14 and 18 to open MFS accounts and come under a controlled digital payment ecosystem," said Tanvir A Mishuk, founder and managing director of Nagad Ltd.

Such accounts can receive a maximum of Tk 5,000 daily and Tk 30,000 monthly and cash out Tk 5,000 daily and Tk 25,000 monthly

Having realised the need to integrate the younger generations in order to enhance financial inclusion, Nagad has long been pursuing policymakers to make such a decision, he said.

"Today, through its circular, the central bank has eased the process of bringing young people under financial inclusion, thus contributing to the government's pursuit of building a Smart Bangladesh.

"The Bangladesh Bank has also imposed some necessary restrictions. But it should be mulled whether the transaction limits set for such accounts are enough considering the current perspective. I think the central bank will review it soon," he added.

Shahed Alam, chief corporate and regulatory officer, Robi Axiata Ltd, said: "We welcome the Bangladesh Bank initiative to allow 14-18 age groups to open MFS accounts, which is a visionary step towards the implementation of Smart Bangladesh as well as creating a cashless society. It will bring multiple positive impacts for the country if the same age group could register SIM cards directly."

The need for MFS accounts for the digitally-literate younger generation was seen in market research conducted by bKash, said Sheikh Md Monirul Islam, chief external and corporate affairs officer at bKash.

"We have been sharing market insights related to such initiatives with Bangladesh Bank. Going forward, bKash will take all necessary measures to implement this special MFS account initiative to make the younger generation habituated to digital transactions," he said.

"Such MFS accounts will help change the behaviour of youngsters when it comes to digital payment ecosystem as well as cashless transactions. The opportunity for young customers to open such MFS accounts will be a milestone in MFS sector's journey in Bangladesh."

World Bank cuts China's 2024 outlook

REUTERS, Beijing

The World Bank has maintained its forecast for China's 2023 economic growth at 5.1 percent, in line with its previous estimate in April, but trimmed its prediction for 2024 to 4.4 percent from 4.8 percent, citing the persistent weakness of its property sector.

For East Asia and the Pacific including China, the bank slightly trimmed its 2023 gross domestic product growth forecast to 5.0 percent from its prior 5.1 percent estimate, the World Bank said in its semi-annual regional update released on Sunday.

For 2024, the bank lowered its regional outlook to 4.5 percent growth from 4.8 percent, dragged down by external factors including a sluggish global economy, high interest rates and trade protectionism.

"Almost 3,000 new restrictions were imposed on global trade in 2022, three times as large as those in 2019," the World Bank said.

For China, the bounce back from the reopening of the economy following three years of ultra-stringent zero-COVID policies has faded, and elevated debt and weakness in its property sector are weighing on growth, the World Bank said in the report.

After months of mostly dismal data, the world's second-largest economy has started to show signs of stabilisation.

China's factory activity expanded for the first time in six months in September, an official survey showed on Saturday.

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A labourer carries plastic pipe rolls at a railway store in Jalandhar on September 29. During the April-June quarter, India's economy grew 7.8 percent, its quickest pace in a year, buoyed by strong services activity and robust demand.

PHOTO: AFP

Indian economy to grow 6.3% this year

WB says

REUTERS, New Delhi

The World Bank on Tuesday maintained its forecast for India's economic growth for the current fiscal year that started on April 1, saying the South Asian economy continued to grow rapidly despite challenging global conditions.

The World Bank kept its growth forecast for India at 6.3 percent, after it lowered it during its April review.

During the April-June quarter, India's economy grew 7.8 percent, its quickest pace in a year, buoyed by strong services activity and robust demand. India's Chief Economic Adviser V. Anantha has projected growth of 6.5 percent for the full year.

Retail inflation moderated to 6.83 percent in August but remained

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