India reports record trade deficit

REUTERS, New Delhi

India's merchandise trade deficit in October widened to a record level, partly due to a sharp rise in gold imports during the festival season, trade ministry officials said on Wednesday.

The trade deficit widened to $31.46 billion last month, much higher than economists' expectation of $20.50 billion, according to a Reuters poll.

Merchandise exports stood at $33.57 billion, while imports shot up to $65.03 billion, compared with exports of $31.60 billion and imports of $57.91 billion in October last year, government data showed.

Gold imports leapt in October 95 percent year-on-year, Satya Srinivas, a commerce ministry official said. In October, gold imports totalled $7.23 billion, according to Reuters calculation.

Bundles of hay, left after threshing of paddy, being taken away by cattle farmers on being purchased for Tk 3 per bundle for use as cattle fodder. The photo was taken at Kashimpur village in Jashore's Manirampur upazila recently.

PHOTO: HABIBUR RAHMAN

UK inflation falls sharply

AFP, London

UK inflation fell more than expected in October, data showed Wednesday, easing a cost-of-living crisis and relieving pressure on Prime Minister Rishi Sunak.

The Consumer Prices Index hit a two-year low at 4.6 percent, the Office of National Statistics said, dipping under a five-percent target set by Sunak, who faces a crisis in his Conservative party ahead of next year's general election.

CPI inflation slowed more than forecast by the Bank of England and analysts after reaching 6.7 percent in September.

"Official figures... confirm we have halved inflation meeting the first of the five priorities I set out at the beginning of this year," Sunak said.

"But while it is welcome news that prices are no longer rising as quickly, we know many people are continuing to struggle, which is why we must stay the course to continue to get inflation all the way back down to two percent," he said, referring to the Bank of England's target.

UK annual inflation struck a 41-year peak at 11.1 percent in October 2022, stoked by spiking energy prices after the invasion of Ukraine by major oil and gas producer Russia.

- Easing energy costs -

Grant Fitzner, chief economist at the ONS, said "inflation fell substantially" last month on easing energy costs following last year's steep rise.

"Food prices were little changed on the month, after rising this time last year, while hotel prices fell, both helping to push inflation to its lowest rate for two years," he added.

Analysts said a sharp fall in the annual inflation rate could see finance minister Jeremy Hunt cut taxes in his latest budget announcement due next week.

Sylhet gas well drilling cost to rise

STAR BUSINESS REPORT

The cost for exploratory drilling of a well called Kailashtila-8 for gas in Sylhet is set to increase by over Tk 4 crore.

The cabinet committee on government purchase approved the increase of $364,607, which is equivalent to Tk 4,0106,770, yesterday.

The cost is increasing in five categories -- directional drilling services, drill stem testing and production testing services, cement, cement additives and cementation services with equipment; wireline logging services and core and pressure-volume-temperature analysis services.

The United Arab Emirates-based Al Mansoori Petroleum Services LLC will get $1,43,020 against the drilling and testing works while Halliburton International GmbH will get $80,779 against the cement related jobs.

Moreover, China Petroleum Logging Co Ltd will get $1,20,701 against wireline logging services and PanTerra Geoconsultants BV will get $20,107 more than their previous allocation.

Besides, the Bangladesh Petroleum Exploration and Production Company Limited will get Tk 80.65 crore for third-party engineering services, according to the meeting minutes of the cabinet committee.

According to officials of Sylhet Gas Field Ltd, earlier the allocated amount for drilling the well was Tk 150.27 crore and the task was supposed to be completed by June this year.

It will be drilled to a depth of at least 2,500 metres and is expected to generate 21 million cubic feet of gas a day.

Md Ekramul Haque, director for the drilling project, declined to comment.

Lentils, soybean oil being purchased for OMS

STAR BUSINESS REPORT

The commerce ministry will purchase 50 lakh litres of soybean oil and 27,000 tonnes of lentils to sell those at affordable price among low-income groups of people.

The cabinet committee on purchase at a meeting yesterday presided over by Finance Minister AHM Mustafa Kamal approved proposals amounting to Tk 344 crore for the purchase of the two essential food items.

The oil will be purchased locally by the Trading Corporation of Bangladesh (TCB) from City Edible Oil Ltd at a cost of Tk 77.14 crore through open tender method.

The TCB will also purchase 6,000 tonnes of lentils through open tender method from another local company, Roy Traders, for Tk 60.59 crore.

Besides, 11,000 tonnes of lentils will be purchased locally from the Global Corporation and Traders at a cost of Tk 110 crore and another 10,000 tonnes will be imported from Turkey at a cost of Tk 97 crore.

The government on Tuesday started selling soybean oil, potatoes, onions and lentils at subsidised rates in Dhaka to alleviate the suffering of low-income consumers, especially those without TCB family cards.

The goods will be sold on 30 OMS trucks stationed throughout both city corporations, with the goal of reaching 9,000 beneficiaries on the weekdays

The programme will run alongside the monthly sale of subsidised essentials conducted by the state-run TCB among one crore family cardholders across the country.

The special initiative has been taken to stabilise commodity prices in the capital's kitchen markets.

The goods will be sold on 30 OMS (open market sale) trucks stationed at different locations throughout both city corporations, with the goal of reaching 9,000 beneficiaries on the weekdays.

Soybean oil will be sold at Tk 100 per litre, potato at Tk 30 per kilogramme (kg), onion at Tk 50 a kg and lentil at Tk 60 per kg.

A consumer can purchase a maximum of two kgs of each item.

Meanwhile, the cabinet committee on economic affairs at a meeting yesterday approved a proposal for importing 38 lakh tonnes of refined petroleum products under a government-to-government arrangement in 2024.

At its meeting, the purchase committee also approved separate proposals to import 30,000 tonnes of urea fertiliser from Saudi Arabia at a cost of Tk 126.32 crore, 30,000 tonnes of triple superphosphate fertiliser from Morocco at a cost of Tk 136.53 crore, and 40,000 tonnes of diammonium phosphate fertiliser from Morocco at a cost of Tk 251.97 crore.

China cenbank boosts liquidity injection

REUTERS

China's central bank ramped up liquidity injection but kept the interest rate unchanged when rolling over maturing medium-term policy loans on Wednesday, matching market expectations.

Market participants believe that a weakening Chinese yuan has constrained the central bank's efforts to aggressively lower interest rates even though the recovery of the world's second-largest economy remains uneven and requires further stimulus

The People's Bank of China (PBOC) said it was keeping the rate on 1.45 trillion yuan ($199.92 billion) worth of one-year medium-term lending facility (MLF) loans to some financial institutions unchanged at 2.50 percent from the previous operation.

The central bank said the loan operation was meant to maintain banking system liquidity reasonably ample to counteract short-term factors including tax payments and government bond issuance. "At the same time, it will appropriately provide mid- and long-term base money," the PBOC said in an online statement.

All 31 market watchers polled by Reuters this week had expected the central bank to inject fresh funds to exceed the maturity.

Meghna Bank strikes deal with Orion Footwear

STAR BUSINESS DESK

Meghna Bank has recently signed a merchant payment service agreement with Orion Footwear Ltd.

Kimiwa Saddat, deputy managing director of the bank, and Zareen Karim, director of Orion Group and managing director of Orion Pharma Ltd, signed the deal at Orion Footwear office in Gulshan-2, said a press release.

"Through Orion Footwear outlets, MeghnaPay has launched its merchant payments services. We intend to spread our services throughout the country within a short time," said Saddat.

Under this arrangement, MeghnaPay customers can now pay at Orion Footwear outlets.

Among others, AZM Fouz Ullah Chowdhury, head of digital financial services division of the bank, and Maqsood Alam Tanvir, head of relationship unit of corporate banking division, and Mohammad Sayed Ahmed, chief financial officer of Orion Footwear Ltd, and Md Ashfaqul Alam, vice-president of Orion Group, were present.

Kimiwa Saddat, deputy managing director of Meghna Bank, and Zareen Karim, director of Orion Group and managing director of Orion Pharma Ltd, exchange signed documents of an agreement at Orion Footwear office in Gulshan-2 recently.

PHOTO: MEGHNA BANK

Buyers ready to pay more

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again 7.20 percent down from the global average of $8.41. Vietnam received $11.55 by selling a similar item, according to the study.

The buyers are ready to pay higher if Bangladesh produces high value-added garment items, said the representative of a European major retailer present at the meeting, asking not to be named.

He said the inflow of work orders in Bangladesh was a bit low now because of geopolitical issues and political instability but the inflow of work orders would get better after the general election of the country.

The buyers in the meeting said they would raise the prices with the new work orders in line with the salary hike of the workers from December 1.

Buyers' perception on Bangladesh is also changing as the local suppliers are also producing value added garment items, said a majority of the buyers present at yesterday's meeting.

Faisal Samad, a director of the BGMEA who was present at the meeting, said buyers assured them that they would increase prices in line with the hike in workers' salary.

Salary adjustments will lead to a nearly 30 percent increase of direct costs, he said, adding that a factory that used to pay Tk 4 crore in salaries per month will now have to pay another Tk 1.50 crore.

"We have got them to understand to adjust the price for per unit garment item at a higher level," Samad said.

At yesterday's meeting the buyers who were present accounted for more than 40 percent of the total garment exports of $47 billion last year, he added.

After the meeting, BGMEA President Faruque Hassan said the retailers and brands pay lower prices for Bangladeshi garment items mainly taking into consideration the country's image, which they have already mentioned.

They always put pressure down the local supply line seeking lower prices, he said.

Hassan also mentioned two other reasons for the lower prices, including overcapacity in some garment items and unhealthy price competition among the local suppliers, which the buyers take advantage of.

Following such unhealthy competition, some 39 percent of factories cater to work orders below their production costs sometimes to keep their factories running as they will have to face huge losses if the units are kept shut, he said.

However, the image of the country and the sector has brightened enough with the strengthening of workplace safety regulations and construction of LEED certified green garment factories in recent years, Hassan said.

As a result, the international retailers and brands started increasing the unit price in recent years for production of value-added garment, adjusting with the higher prices of raw materials and freight charge and brightening the image, he added.

Banks asked to step up efforts for quick disposal

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take highest preparation and contact with respective lawyers to do their part efficiently.

As the rules, cases at the money loan court are required to be settled within 120 days.

The central bank's directive comes the time when roughly 72,500 cases involving Tk 178,277 crore are pending at the money loan court. At the same time, the stockpile of defaulted loans is rising.

At the end of June this year, the nonperforming loans in the country's banking sector rose by Tk 24,419 crore to a record of Tk 156,039 crore, thanks mainly to the lack of corporate governance in the sector.

The amount of defaulted loan was 10.11 percent of the total outstanding loans as of June 30, 2023, from 8.8 percent three months ago, according to BB data.

A senior official of a private bank said banks try to settle loan related cases fast because of their own interest.

However, the number of courts is low in comparison with the number of cases.

Besides, many borrowers file writ petitions at the High Court seeking to stay the proceedings of the cases. In such cases, the banking regulator has to settle writ to restart the regular legal proceedings at the court.

Summit buys 2,000 towers

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only for Banglalink but also for Bangladesh as a whole."

"This deal will enable us to focus on our core business as the leading digital operator of the country and continue addressing the unmet demand in entertainment, education, healthcare and financial services."

Muhammad Farid Khan, chairman of Summit Communications and Summit Towers, said the strategic deal is a prelude to greater cooperation between Banglalink and Summit.

"The future is ours to grow together. With support from VEON, we believe that our collaboration will go beyond the boundaries of Bangladesh into the global arena, setting an example in the region."

Erik Aas, CEO of Banglalink, said: "Our partnership with Summit Towers enables us to focus our resources on our digital offerings, bridging the digital divide for all and providing an outstanding customer experience to the people of Bangladesh."

In the last one and a half years, the operator's performance has been impressive, with double-digit revenue and customer growth, taking the total number of customers to about 4.30 crore. Revenue rose 11 percent year-on-year to Tk 1,315 crore in the second quarter of 2022.

Telecom Minister Mustafa Jabbar welcomed the deal.

"It is a good move and we have introduced this licence so that tower resources can be shared and used properly."

"As we have limited land resources, telecom tower-sharing among operators fosters cost efficiency, enabling faster network expansion and improved service quality."

The closing of the transaction is subject to regulatory approvals.

LGD still

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On the other hand, expenditure from foreign funds during the period stood at Tk 11,864 crore, which was Tk 13,277 crore in the same period last fiscal year.

The power division spent Tk 3,541 crore, down from Tk 5,088 crore in the same period of the previous year.

Similarly, the bridges division spent Tk 1,674 crore in July-October period, down from Tk 3,321 crore.

On the other hand, the Ministry of Science and Technology spent Tk 1,333 crore, up from Tk 1,275 crore in the same period the previous year.

Delay brokerage regulations

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The stock dealers are also required to invest at least 75 percent of their paid-up capital, something the brokers requested to withdraw.

The DBA opposed a new provision allowing keeping a stock investor in the board of stock brokerage firms, saying it was contradictory to the company act.

According to the draft regulations, stock brokers and dealers are required to renew their certificate every three years and the renewal fee is Tk 1 lakh.

The brokers' organisation urged to extend the period to five years and cancel the renewal fee.

Another provision says the shareholders of stock brokerage firms and stock dealers will have to take approval from the BSEC if they want to sell or transfer shares.

The DBA opposed it, saying this provision was not applicable even for listed companies, and requested to keep an option to simply inform the BSEC and the stock exchanges instead.