

DSE starts compensating deceived investors
8,581 investors will get Tk 25 crore

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) has started compensating investors who were deceived by four stock brokerages by paying out Tk 25 crore collectively from its investors' protection fund.

The brokerage houses are: Banco Securities, Crest Securities, Tamha Securities and Shah Mohammad Sagir and Company.

Investors who filed their allegations before October 1 this year will get their portion of the fund through direct deposit in the beneficiary owner's account listed with their respective broker.

The 8,581 investors will get the compensation proportionately. The DSE started the process by handing out cheques to two investors at its office yesterday.

Previously, the owners of the brokerage houses cheated investors by selling their shares. So, the regulator halted their activities.

Abdul Halim, a commissioner of the Bangladesh Securities and Exchange Commission, said it is a relief that the regulator is giving some compensation to investors.

"If we can ensure that investors' funds will not be cheated, then peoples' confidence will rise. So, after the incidents of the four brokerage houses, monitoring activities were strengthened," he added.

ATM Tariquzzaman, managing director of the DSE, also spoke at the event.



A farmer tries to salvage grains from a paddy field flattened by rains on Thursday and Friday, which was influenced by cyclonic storm Michaung. The storm hit the coastal areas of the Indian state of Andhra Pradesh, some 1,600 kilometres southwest of Bangladesh, last Tuesday before moving northwards and weakening into a depression. The photo was taken at Gaibandha's Gobindaganj upazila yesterday.

PHOTO: MOSTAFA SHABUJ

RMG wage inconsistent with market scenario

Workers' leaders say at seminar

STAR BUSINESS REPORT

The recently declared wage for garment workers is inconsistent with the present market scenario, workers' leaders said at a seminar yesterday.

After weeks of unrest by agitating garments workers, it was formally announced on November 7 that the new minimum salary for garment workers would be set at Tk 12,500.

"The wage is not acceptable internationally, to the International Labor Organisation, or to the workers," said Amirul Haque Amin, president of the National Garment Workers Federation.

He was addressing a seminar organised by the Economic Reporters' Forum (ERF) on "Current labor issues and international trade scenario" at its auditorium yesterday.

He added that the labour conditions in the country's readymade garment (RMG) sector were not reflective of a situation that could lead to any economic or trade sanctions.

"How many of the ILO conventions have been ratified by those who want to give the

sanction? They have only ratified two of the eight conventions. Bangladesh has ratified all eight," he said.

He added: "What they want, they did not ratify themselves. And they want to control other countries."

"Bangladesh has no reason to be afraid. We are not in such a bad position that we will fall under sanctions. Our labor situation has improved considerably."

Towhidur Rahman, former secretary general of IndustryALL Bangladesh Council, opined that the diplomatic note from the Bangladesh embassy in Washington DC to the commerce ministry about possible measures like trade penalties and visa restrictions over labour issues must be taken into consideration.

He said that four workers died during the protests by RMG workers to demand higher wages but the cause of their death had not yet been investigated. If a murder is not investigated, then we will not get justice, he noted.

"Some 115 people are in jail in 43 cases. About 25,000 workers have been made

defendants," he said, urging employers to help form trade unions.

Echoing Amin, Mohammad Hatem, executive president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said there was no situation in the RMG sector that demanded the imposition of sanctions by the US.

Hatem conceded that Bangladesh's apparel industry may lag behind international standards, but he said it was still in a far better situation compared to China and other countries. If any sanctions are imposed despite that, then it would be for political reasons or because of vested interests, he opined.

Speaking about the latest amendment to the labour law, which President Mohammed Shahabuddin did not sign, Hatem said owners and workers' representatives had agreed to remove the threshold requirement for registration of trade unions.

The threshold had been fixed at 15 percent for factories with more than 3,000 workers and 20 percent for units with less than 3,000 workers.

'Lack of inter-agency coordination hurts export diversification'

STAR BUSINESS REPORT

Businesses often face hassles when trading in Bangladesh due to a lack of inter-ministerial coordination, which is a big hurdle for export diversification, a top footwear exporter said yesterday.

"Although the commerce ministry leads projects, other agencies such as customs and banks are often not on board or aligned with the projects to boost competitiveness," said Syed Nasim Manzur, president of the Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh.

Manzur made these remarks while speaking at a closing ceremony for Export Readiness Fund (ERF), which is a part of an Export Competitiveness for Jobs (EC4J) project funded by the World Bank.

The commerce ministry hosted the event at Amari Dhaka.

Regarding the current obstacles to doing business, Manzur said firms have been struggling to open letters of credit for importing raw materials and other necessities.

Besides, it has also become difficult to get timely customs clearance for even industrial machinery, he said.

"For example, we lost at least 70 days in one instance due to delays in the customs process," he added.

Manzur also said the current global economic slowdown is more severe than that resulting from the Covid-19 pandemic.

So, support for all enterprises, particularly small and medium sized ones, is really needed to protect exports, employment and investment, he added.

'Women entrepreneurs should focus on sustainability'

STAR BUSINESS REPORT

It is crucial for women entrepreneurs to focus on sustainability and outline the key factors that contribute to business longevity, said Nasima Akter Nisha, founder and president of Women and e-Commerce (WE) Trust.

"Before starting a business, women entrepreneurs should ensure product quality, have long term business planning, do SWOT analysis, and develop skills," she said.

SWOT analysis is a strategic planning tool used to identify and evaluate the strengths, weaknesses, opportunities and threats involved in a business venture or project.

She made the comments while speaking at an 'Entrepreneurship Masterclass' held at The Daily Star Centre in Dhaka.

A \$12 billion question hangs

FROM PAGE B1

by higher import bills against lower export and remittance earnings, BB data showed.

The central bank is examining the issue of export proceeds on a case-by-case basis and ordered banks to take measures as well, he added.

BB and EPB data showed the major difference was seen in the export of goods instead of services. In FY23, the gap in the actual receipts was \$11.98 billion in the goods segment and \$0.1 billion in the services segment.

The same trend was noticed in the previous year as well. In FY22, the gap in the receipts was \$8.48 billion in the goods exports and \$0.02 billion in the services exports.

"Concealing data in the services sector is easy because there is no scope to know who is exporting what. So, the discrepancy is not being traced in the sector. On the other hand, it is easier to spot gaps in merchandise exports," said Mohammad Abdur Razzaque, research director at the Policy Research Institute of Bangladesh, a think-tank.

He said Bangladesh is not placing adequate importance on data governance, so the difference has been there year after year.

"Once Bangladesh used to report the country's trade data to the UN Comtrade, which was a way to ensure the export data scrutiny at the

international level."

The UN Comtrade details import and export statistics in goods and services reported by the statistical authorities of close to 200 countries or territories since 1962.

"But from 2012, Bangladesh became irregular and the country has not reported the data at all since 2015. So, the data is not being scrutinised and no one is monitoring exporters' activities effectively to see whether they are bringing their export receipts properly or not," Razzaque said.

He said the present macroeconomic management system is allowing people to speculate while exporters are hoping for a further currency depreciation.

"So, many of them may wait to fetch their export earnings."

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, thinks some difference always exists between the data reported by the BB and the EPB as payments face delays sometimes.

"But a gap of \$12 billion seems abnormal. Actually, the central bank's data is correct and we don't agree with the EPB data."

Hatem said if proceeds don't arrive within 120 days, the name of the exporter is displayed on the dashboard of the central bank. Then, the exporter does not receive any

service from banks.

The exporter needs to secure an extension from the central bank to keep availing banking services and if the exporter still thinks that he will not get the proceeds at all, he will have to inform the discount committee of the BB who analyses it before approving, he said.

BB Spokesperson Md Mezbahul Haque said there is a difference between the reporting system of the EPB and the BB.

He explains the central bank reports only when the export proceeds are realised whereas the EPB publishes the pre-shipment data of shipments.

"If the export is cancelled after goods leave ports or the fund does not arrive, the difference may exist."

On the higher gap, he said since the export volume is rising, the difference is also widening.

Tapan Kanti Ghosh, senior secretary of the commerce ministry, said the government is well aware of the gap between the shipments and the original receipts. A committee has been formed already to see what is going on here, he added.

The central bank official said after the election, the foreign exchange market will be stable on the back of an expected fund injection by development partners in the form of budget support.

Winter winds boost sales

FROM PAGE B1

Golam Kibria Sarkar, senior vice-president for branding at Kohinoor Chemical Company Bangladesh, said the skincare market is seeing a good response this year even though winter is yet to arrive in earnest.

"People tend to purchase and use skincare products the most during winter. So, the demand for some of our products is witnessing significant growth."

Sarkar added that such a response at the start of the season was a signal of more good things to come.

Ashraful Ambia, managing director of Remark HB Limited, a beauty and home care brand, said they were also receiving a good response.

"Due to increasing awareness, consumers are buying various winter products."

As per a report by Allied Market Research, the local skincare market is estimated to be worth around \$1.23 billion in 2020 and is expected to hit \$2.12 billion by 2027, registering an

annual compound growth rate of 8.1 percent.

However, increasing penetration of counterfeit products is impeding the growth to some extent, the report added.

Jesmin Zaman, head of marketing at Square Toiletries, however, said sales of their winter skincare products have not been as robust as they should be at the moment.

"This is because winter is not in full force in Bangladesh yet. So, customers are not buying that much."

Zaman also informed that prices of some products fell this season but demand remains inadequate.

"If we compare the sales of November last year with November this year, there is no growth in the winter skincare segment. We expected normal growth even if it was not that much, but it is in a stagnant situation."

She believes high inflation in the country could be behind the slow sales of winter skincare products.

Jamal Uddin, general secretary

of the Association of Skincare and Beauty Product Manufacturers and Exporters of Bangladesh, said keeping in mind consumers' tastes and comfort, the cosmetics market is diversifying the product range.

Abriti Ahmed, a 24-year-old resident in the capital's Tejgaon area, says she uses moisturizer in winter as her skin gets dry.

She thinks when buying skincare products, one should be careful about the contents of the items because not everyone's skin is the same and there are some ingredients that can cause problems for those who are allergic.

ABM Faroque, a former professor of the pharmacy department at the University of Dhaka, said during winter the humidity level falls, causing the water content of the epidermis - the outermost layer of skin - to experience roughness, flaking, itching and cracking.

"People use various creams and lotions to protect the skin from drying up," he added.

Deposit flow from rural areas dips

FROM PAGE B1

to 68 percent of the nation's population, has been higher than in urban areas for most months since July, 2022.

During the July-September quarter of this year, inflation has been consistently higher in rural areas than in urban areas.

The trend continued into November, when consumer prices rose 9.62 percent in village areas whereas inflation in urban areas stood at 9.16 percent.

The BB data showed that loans and advances to businesses and other borrowers declined in July-September quarter of 2023 from the same period a year ago.

Syed Mahbubur Rahman, managing director and CRO of Mutual Trust Bank Ltd, said income opportunity in general is limited in suburban areas. It has reduced further owing to the slowing of the economy, he said.

The BB data showed that loans

and advances to businesses and other borrowers declined 18.5 percent in the July-September quarter of 2023 from the same period a year ago.

"It seems that many people are withdrawing their savings to cope with the rising cost of living," he said, adding that many people in cities are better off.

"Disparity is rising."

The central bank data showed that despite the fall in deposit flow from rural areas, overall savings grew 9 percent year on year, to Tk 1,713,134 crore, at the end of September this year compared to a year ago, thanks to a surge in deposit flow in banks from urbanities.

Total deposits in urban areas surged 18 percent to Tk 1,453,264 crore at the end of September this year from Tk 1,234,703 crore a year ago.

Towfiqul Islam Khan, senior research fellow of the Centre for Policy Dialogue (CPD), said the removal of the cap on the lending rate and the introduction of Six Months Moving

Average Rate of Treasury bills led to a spike in overall interest rates in the financial sector.

"But there is definitely an impact of high inflation on savings," he said, citing rural deposit flow.

"Both farm and non-farm activities might have been affected. Activities of Small and Medium Enterprises (SMEs) have also been affected," he said.

Another reason, Khan said, might be the saturation of agent banking and mobile financial services.

Md Abdul Jabbar, managing director & CEO of Janata Bank, however, said the state bank attracted increased deposits in the July-September period of this year. "We had carried out special campaign in rural areas," he said.

Md Mahiul Islam, deputy managing director & head of retail banking at BRAC Bank, said the private bank too recorded growth in deposit flow as it took a number of initiatives.

ADB gives \$400m to support climate

FROM PAGE B1

Md Shahriar Kader Siddiky, secretary of the Economic Relations Division (ERD), and Edimon Ginting, country director of the ADB, signed the loan agreement at a ceremony at the ERD in Dhaka yesterday.

"As the region's climate bank, ADB is committed to support Bangladesh's progressive actions to strengthen its climate resilience, transition to a low-carbon economy, mitigate its greenhouse gas emissions, and mainstream gender equality and social inclusion in the government's climate actions," Ginting said.

The programme will create an enabling institutional and policy environment to mobilise climate finance, prioritise climate actions in the country's overall development agenda, the ADB country director said.

It will also help the government implement reforms in climate-critical sectors, including agriculture, disaster management, transport and infrastructure, urban development, and energy, he said.

Blockade hits tourism

FROM PAGE B4

In 2022-23, the number of local tourists jumped to 217,169 and foreign tourists to 2,274.

Sea Pearl Beach Resort & Spa Ltd in Cox's Bazar joined the Sundarbans-based tourism business two years ago and currently has two ships for the route. SM Musfiqur Hasan, local supervisor of the cruise ship business segment of the hotel, said after the opening of Padma Bridge, the presence of tourists shot up.

"But it has currently come down to almost zero. We have not been able to attract visitors even after offering packages at discounted prices. Many tourists are cancelling trips owing to safety concerns."

Karamjal Wildlife Breeding Center is a popular tourist destination in the Sundarbans. It is seeing a dearth of

tourists now.

Howlader Azad Kabir, officer in-charge of the centre, said 1,000 to 1,500 tourists used to visit the centre on weekends in the past. Now, it has come down to an average 400 on weekends and 70 on weekdays.

M Nazmul Azam David, general secretary of the Tour Operators Association of Sundarbans, said: "We are in trouble as we are counting losses. When the annual exams at schools and colleges are completed, the presence of tourists usually goes up. But this year, we are witnessing a lack of tourists."

"Those who had made advance bookings are now asking for refunds," he said, adding that the segment is witnessing five to six trips now compared to the 50 trips usually seen at this time of the year.

Some traders exploiting

FROM PAGE B4

Around 9.75 lakh tonnes of onions have been exported in between April 1 and August 4 in the ongoing financial year with the top three importing nations in terms of value being Bangladesh, Malaysia and the UAE.

The onion component in India's Consumer Price Inflation (CPI)

basket has remained in double digits since July, increasing to an almost four-year high of 42.1 percent in October.

Before banning the exports, the Indian government, in an attempt to keep onion prices in check, imposed a minimum export price (MEP) of \$800 per tonne on exports on October 28 until the end of 2023.