

City Bank secures \$45m Murabaha trade finance

STAR BUSINESS REPORT

The International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank (IDB) Group, has extended \$45 million Murabaha trade finance facility to City Bank.

It is the highest amount of trade finance line provided to a private commercial bank by the ITFC, the corporation said in a statement.

The trade finance facility will enable City Bank to accommodate more clients and conduct cross border trade in a more cost-effective way, as per the officials of the bank.

City Bank Managing Director Mashrur Arefin and ITFC Chief Operating Officer Nazeem Noordali signed an agreement in this regard at the City Bank head office in Dhaka.

City Bank's partnership with ITFC will represent a milestone in fostering economic growth and prosperity of Bangladesh as ITFC's support will facilitate the corporate and SME customers to import essential commodities, the bank's managing director said.

On the other hand, Noordali emphasised on ITFC's dedication to enhancing trade through extending financing that provides opportunities for SMEs.

ITFC, headquartered in Jeddah, continues to be a key player in facilitating trade and economic collaboration among member countries of the Organization of Islamic Cooperation.

Abdul Aleem, division manager for Asia and Middle East at ITFC; Iftekhar Alam, regional manager for south and southeast Asia; Sheikh Muhammad Maroof and Md Mahbubur Rahman, additional managing directors of City Bank, and Hasan Sharif Ahmed, executive vice president and head of financial institutions, were also present at the occasion.

Oil to remain volatile in 2024: analysts

REUTERS

US oil companies and refiners are likely to face another challenging 12 months in 2024, Bank of America (BoFA) analysts wrote in a note on Friday, who expect Brent crude to average \$80 per barrel this year.

Crude futures lost over 10 percent in 2023 in a tumultuous year of trading marked by geopolitical turmoil and concerns about the oil output levels of major producers around the world. READ MORE ON B2



Although tea sellers expected sales to pick up in the winter months, especially ahead of the general elections, the reality has turned out to be quite different. Sales have remained largely unchanged, with the rising prices of complementary goods such as sugar and milk deterring demand. The photo was taken from Chattogram city on Thursday.

PHOTO: RAJIB RAIHAN

Winds of winter and elections bring little joy to tea stalls

DWAIPAYAN BARUA, *Ctg*

At 9:00 am on a chilly and foggy winter morning, 60-year-old Sheikh Sadi's hands were busy stirring a cup of tea in his makeshift tea stall in Chattogram's Agrabad area.

The sexagenarian appeared annoyed, both by the fact that he had to wake up early morning to prepare his concoctions and because sales the previous night had fallen below expectations.

"I had to stop sales around 11:00 pm last night instead of the usual closing time of midnight because people are not keen to stay outside late during these frigid nights," Sadi repeated as he scurried to serve four customers at a time.

Every morning, his son and staff set up the stall. They are ready to start selling by 8:00 am, hoping to reel in customers, mostly traders from the adjoining kitchen market who return with fish and vegetables from wholesale markets looking to relax while enjoying tea, snacks with conversation.

Usually, tea sales scale up dramatically in the winter as people drink more of the beverage to stay warm.

Adding to Sadi's expectations of heightened sales this time around is the fact that the elections are knocking at the door this winter.



However, the hustle and bustle of electioneering has been absent in most localities, leading to lack of crowds at tea stalls.

The usual enthusiasm of election is not there this time as the major opposition party is not participating, said the tea seller, who has experienced the buzz of a number of elections from his roadside stall for the past two decades.

Before winter, Sadi sold on average 200-250 cups of tea daily. This winter, only 20 to 30 additional cups are being sold, he said.

Sadi sells three types of tea: tea with powdered milk, tea with condensed milk, and lemon tea.

He hiked prices of all types of tea by Tk 2 four months ago due to rising prices of sugar and milk

and is now selling a cup for Tk 13, Tk 12 and Tk 8 respectively.

He opined that people were having less tea due to the financial strain caused by higher prices of essential commodities.

Minhajur, a rickshaw-puller who arrived at the stall, said he used to have three to four cups of tea daily in the past, but now has to limit himself to one or two cups, lamenting the fact that four cups would cost over Tk 50.

A similar scenario was seen in other areas such as East Nasirabad, Prabartak, and Kajir Dewry.

Muidul Hossain, a footpath tea stall owner at the busy Prabartak Moor, said he used to sell at least 100 additional cups of tea every winter, but had noticed no remarkable rise in sales this time

around.

Tea traders also spoke of low demand this year, saying that economic pressure on people due to high inflation had led to lower demand for the beverage, which is not considered an essential.

Shah Moinuddin Hasan, chairman of the Tea Traders Association of Bangladesh (TTAB), said tea sales in weekly auctions so far this year were down by around 3 million kilograms compared to last year.

Hasan mentioned that most tea remains unsold in the weekly auction mainly due to low demand and lacklustre quality of tea, adding that almost half of the tea being offered in auctions are not of good quality.

He also blamed high inflation for low demand.

Many prefer lemon tea instead of milk tea due to lower costs, which has contributed to lower demand since lemon tea uses less tea leaves, the TTAB chairman added.

Ispahani Tea Limited General Manager (Marketing) Omar Hannan also gave the same impression, saying that the price of tea leaves did not increase, but prices of complementary goods such as sugar and milk had risen.

Tea sellers in many areas are also reducing cup sizes to balance sales, which ultimately results in lower consumption of tea.

Digitalising the public sector

MAMUN RASHID

Bangladesh, with its emerging technology landscape, is an attractive playground for tech giants looking to invest and benefit from this market. The government, with its Vision 2021 and Smart Bangladesh 2041 strategies, has pushed for a rapid digital transformation especially focusing the public sector. Ministries now have key performance indicators to create ICT strategies and preparedness plans for the years ahead. Keeping in mind the 4th industrial revolution and all that it entails, it seems like we are going in the right direction, but can it be a case of diving head first into unknown waters?

Take the recent public sector projects that received accolades. Barring a few such as the national ID registration and the pandemic 's Surokha vaccination projects, the successes are few and far between. Although there are regular seminars and conversations for digitalising public services and overcoming the digital divide and push Bangladesh towards digitalisation, progress seems to be limited to those in the upper echelons. Not to say that there aren't a few visionaries who have tried to drive technology transformation in their respective sectors, but to no ones' surprise their projects have failed to deliver the desired outcomes. Despite having focused strategies, the government backup and incentives within ministries, we are yet to hear of a government department that has successfully implemented an end-to-end enterprise resource planning solution to automate their entire operation.

This begs the question, where are we going wrong and concurrently what can we do right? I guess we falter most not in our ability to design the right project rather in our inability to identify the right need.

When conceptualising a public sector digitalisation project, one must address the needs of the two key actors in the system -- one being the citizens, the ultimate beneficiaries of the services provided, and the other being the service providers themselves. An unaddressed need from a key actor shifts the delicate balance of the transformation journey, creating a domino effect which eventually leads to failed pilots and scrapped initiatives.

Issues in stakeholder management, identification and resistance to change are not new in the field of public transformation but what makes the case for Bangladesh unique is the collective identity crisis of a population that has seen rapid digitalisation with mobile penetration and internet connectivity but are yet to understand the basics of the technology they use, resulting in a very reliable source of resistance to change -- "the fear of technology". The concept holds true for both citizens and end users as both have legitimate concerns over data loss, data security and data governance, serious barriers to any end-to-end transformation that have remained largely unaddressed in the larger technology conversation.

What can be a way forward? A three pronged approach may be applied when executing a technology project. When conceptualising a technology project, the department could assess if they have the right data to support the need of the project. If the data is available, they could proceed to policies and check if they have the correct ones implemented which correlates or becomes barriers to the available data. Based on the data and policies, the decision makers should evaluate the preparedness of the end users and the ultimate beneficiaries of the project and eventually work on the final execution. The process, although tedious, will ensure that accountability is equally distributed. Rather the departments concerned will be aware of the need of the project and thus be equally invested in its successful execution.

Digitalising the public sector is an arduous journey. It requires collaboration from stakeholders of all levels to make the execution successful. As unique are countries' geography and cultures, so are their digital journeys, thus to generalise the process is to ensure its failure.

The author is an economic analyst



Global food prices dropped 13.7% in 2023: FAO

AFP, Paris

World food prices fell in 2023, with considerable declines for grains and oils as supply concerns eased, the UN's Food and Agriculture Organization said Friday.

Overall, world food commodity prices fell 13.7 percent in 2023 against the previous year, Rome-based FAO said.

The FAO's cereals price index fell 15.4 percent, "reflecting well supplied global markets" compared to 2022, when prices soared after Russia's invasion of Ukraine, a major grain exporter.

While supply concerns eased for wheat and maize, the opposite was true for rice due to the impact of the El Nino weather phenomenon and India restricting exports. Rice prices jumped 21 percent last year.

The vegetable oil price index posted the biggest fall last year, dropping 32.7 percent, thanks to improved supplies and reduced use for biofuel production.

Sugar prices, on the other contrary, jumped 26.7 percent overall, though they retreated from their highs in December thanks to Brazil stepping up exports and reduced use for biofuels. While the FAO's overall index dropped, consumer food prices in many countries are rising, often faster than the overall inflation rate.

"The fact that food commodity prices drop doesn't necessarily mean a drop in food prices," noted economist and food industry specialist Bruno Parmentier.

The FAO index measures commodity market prices, and it can take a while for these to filter through to supermarket shelves. They represent only a fraction of the cost of processed final products.



Combine harvesters harvest wheat on a field in the Siberian Novosibirsk region on September 19, 2023. While global supply concerns eased for wheat and maize, the opposite was true for rice due to the impact of the El Nino weather phenomenon and India restricting exports.

PHOTO: AFP/FILE

India's forex reserves near 22-month high in Dec

REUTERS, Mumbai

India's foreign exchange reserves rose for a seventh straight week and stood at a near 22-month high of \$623.20 billion as of December 29, data from the central bank showed on Friday.

The reserves rose by \$2.76 billion for the reported week after increasing by a total of \$30.12 billion in the prior six weeks.

Changes in foreign currency assets are caused by the Reserve Bank of India's (RBI) intervention as well as the appreciation or depreciation of foreign assets held in the reserves. The RBI intervenes in the foreign exchange market to curb excess volatility in the rupee.

The rupee is expected to trade in a tight range against the US dollar this year as the RBI continues to intervene to manage the exchange rate despite aggressive market bets for US interest rate cuts, according to a Reuters poll of FX strategists.