

## More CEOs optimistic of global growth: PwC

STAR BUSINESS REPORT

Though more chief executives believe global economic growth will improve this year, almost half see their businesses becoming nonviable in a decade as tech and climate pressures accelerate, according to a PricewaterhouseCoopers (PwC) survey.

Some 38 percent of CEOs are optimistic about global growth prospects whereas last year it was 18 percent, as concerns about inflation and macroeconomic volatility fall, said the global audit, consulting and tax services firm.

Meanwhile, 45 percent are concerned about their long-term business viability, up from 39 percent in 2023, said the survey published yesterday. The study interviewed 4,702 chief executives across 105 countries and territories.

The survey included 45 CEOs from Bangladesh.

Despite ongoing conflicts, the proportion of CEOs who felt their company is highly or extremely exposed to geopolitical conflict risk fell 7 percentage points to 18 percent, it said.

"CEOs expect more pressure over the next three years than they experienced over the previous five from technology, climate and several other megatrends," said the PwC in a statement.

Four in 10 CEOs report that they have accepted lower returns for climate-friendly investments, it said.

It said 70 percent of CEOs expect generative artificial intelligence to significantly change the way their company creates value in the next three years.



**Fresh tomatoes at a wholesale market on the banks of the Surma river adjoining Kanaighat Bazar in Sylhet's Kanaighat upazila. Brought on boats by farmers from remote areas, the vegetables are selling for Tk 400 to Tk 430 per basket (around 12 to 14 kilogrammes). Such winter produce is available for a couple of hours right after sunrise everyday and for the whole day on Saturday and Tuesday. The value of the overall trade in a day can reach as much as Tk 50 lakh to Tk 60 lakh. The photo was taken last week.**

PHOTO: SHEIKH NASIR

## '100 Evaly customers to get their money back on Jan 30'

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Some 100 Evaly customers will get back their money on January 30, said AHM Shafiquzzaman, director general of the Directorate of National Consumers Right Protection (DNCRP), yesterday.

"There are 6,500 complaints pending against Evaly. In the first phase, we have arranged to return the money of 100 customers," he said, without mentioning the amount of money.

Evaly has so far returned Tk 10 crore and now its CEO, Mohammad Rassel, will give a detailed plan of when and how the rest of the money will be returned, he added.

Shafiquzzaman was addressing a discussion on "Consumer Rights in E-Commerce and E-Services: What Should Be Done" organised by Bangladesh Mobile Phone Consumers' Association (BMPCA) at Dhaka Reporters Unity.

Evaly began its journey on December 16, 2018 through an advertising blitzkrieg and offering exorbitant discounts.

Customers later complained that it did not deliver products on taking advance payments of hundreds of crores of taka. Neither did it pay merchants who had initially supplied products.

Evaly claims it owes Tk 400 crore to its customers and merchants while law enforcers believe it is about Tk 1,000 crore.

Evaly's creditors are unlikely to get their money back as there is no documentation at the platform's end, making it difficult to verify who is owed what, found an audit into the company's books commissioned by a court-appointed board last year.

Rassel and his wife Shamima Nasrin, also a co-founder of Evaly, were arrested by the Rapid Action Battalion on September 16 in 2021 after a customer filed an embezzlement case against them with Gulshan Police Station.

Later, five other embezzlement cases were lodged against the couple with Dhanmondi Police Station and the court.

Nasrin was freed from jail on April 6 last year whereas Rassel from the Kashimpur prison on bail on December 18.

According to the BMPCA, 32 e-commerce companies which had carried out the advance payment-based fraudulence owed Tk 531 crore to their customers up until 2022. Then Tk 310 crore was returned in 2022 and another Tk 77 crore last year.

Of the companies, 18 have returned no money at all.

Talking about such scams by businesses online, the DNCRP DG said such companies should be brought back to business so that they could return the money.

"We will definitely give priority to the consumer's interest. For that purpose, we will support those institutions that have potential. The reason behind the support is to protect the interests of consumers," he said.

"One thing that should be clear here is that there is no hidden motive behind this," he added.

He said a cash on delivery system has been adopted for e-commerce products to prevent the scams.

"Now about 95 percent of the deliveries of e-commerce products are done on a cash on delivery basis," he said.

## 6.5% GDP growth would be satisfactory

Says former state minister for planning

STAR BUSINESS REPORT

Registering economic growth of 6.5 percent in fiscal year 2023-24 would be satisfactory for Bangladesh considering the current economic climate at home and abroad, according to Professor Shamsul Alam, the ex-state minister for planning.

The government had set the growth target for the current fiscal year at 8 percent in its 8th five-year plan, which aims to facilitate the country's economic development between 2021 and 2025.

And although the target was ultimately revised down to 7.5 percent, achieving 6.5 percent growth in gross domestic product (GDP) would be satisfactory given the current economic context, he said.

Bangladesh's foreign currency reserve, which stood at more than \$40 billion a few years ago, has shrivelled to about \$20 billion at present.

This is causing difficulties in importing raw materials and other issues, which are slowing the country's overall economic

activities.

Alam yesterday made these comments at a seminar, styled "Planned Economy: Bangladesh Experience".

The event was organised by The Dhaka School of Economics, an undergraduate and postgraduate institution of the University of Dhaka, at its lecture hall in the capital.

Earlier, the International Monetary Fund revised down its growth forecast for Bangladesh's economy to 6 percent from 6.5 percent for fiscal year 2023-24.

And as per the Global Economic Prospects report by the World Bank, the country's economic growth is expected to slow to 5.6 percent in the current fiscal year.

Similarly, the government will likely further revise its GDP growth target down to 6.5 percent for FY24 as internal and external factors, such as higher energy costs, continue to pose challenges.

Alam also raised concerns over sustained elevated inflation in the country, which has so far exceeded 9 percent in the current fiscal year.

## IDRA instructs insurers not to take loans against paid-up capital

STAR BUSINESS REPORT

The Insurance Development and Regulatory Authority (IDRA) has instructed insurers to keep an equivalent amount of paid-up capital as deposits at banks under the company's name without liability.

The regulator issued a notice to this effect yesterday.

Banks will issue a certificate citing the deposit of the funds and the insurance company will submit the document to the IDRA.

Paid-up capital is the amount of money a company has been paid from shareholders in exchange for shares of its stock.

As per the Insurance Act, 2010, there is a provision to deposit the paid-up capital in scheduled banks without liability at the time of registration of insurance companies.

The notice comes after some insurance companies were found to be securing

loans by creating liabilities against the fixed deposits formed using paid-up capital, a clear violation of the law.

For example, Swadesh Islami Life Insurance Company took a loan of Tk 14.30 crore from NRBC Bank against a fixed deposit of Tk 13.05 crore, which was the company's paid-up capital, according to a letter of the insurance regulator.

The loan was not even shown in the balance sheet.

As a result, IDRA has relieved 12 of the 18 directors of Swadesh Islami Life, including its chairman, of their duties over allegations of embezzling fixed deposits and breaching the Insurance Act.

Various insurance companies claim that these loans are being taken to settle insurance claims, the IDRA notice said, adding that investment has to be free from any liabilities as per investment regulations.

In many cases, even after the funds are deposited with banks, the certificate is not sent to the authority.

## Policy rate hike looms again

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Central banks prepare monetary policies to keep prices at a tolerable level, maintain a low unemployment rate, protect the currency, and maintain a healthy economic growth.

By regulating interest rates or reserve requirements or through open market operations, a central bank affects borrowing, spending, and savings rates.

Amid the economic uncertainty, the central bank of Bangladesh had designed its MPS for the first half of 2023-24 as per the prescription of the International Monetary Fund (IMF) as the lender approved a \$4.7 billion loan for the country in January last year.

Since then, the banking regulator has hiked the policy rate three times from 6 percent to 7.75 percent to cool price increases. Overall, the rate has been revised upwards by eight times since the beginning of the Russia-Ukraine war in February 2022.

The lingering fallout of the coronavirus pandemic and the devastating war were initially responsible for the country's current economic woes. But the crisis has lingered and also deepened owing to inadequate policy responses on the part of the government and the central bank.

In recent months, the BB got rid of the 9 percent lending rate and introduced a new interest rate regime, known as the Six-months Moving Average Rate of Treasury bill (SMART).

Still, inflation rose 9.5 percent in December, way above the government target of 6 percent for 2023-24, which ends in June. It has been running well above 9 percent since March this year.

Recently, Fahmida Khatun, executive director at the Centre for

Policy Dialogue, said higher inflation, the exchange rate volatility and lack of governance in the banking sector would have to be addressed in the monetary policy.

The forex reserves stood at \$20.18 billion on January 10, down from \$40.7 billion in August 2021. Amid the drying up of reserves, the local currency has weakened by more than 27 percent in the past two years, making imports costlier.

"If needed the banking regulator will have to hike the policy rate further. The fiscal policy and the market management will also have to be corrective," Fahmida said.

A senior central banker who previously worked at the BB's monetary policy department said inflation is still high despite hiking the policy rate several times.

"The US dollar supply should increase to control higher consumer prices. The production of essential goods should also go up. Otherwise, the policy rate will not be able to arrest inflation."

The central banker says the allocation of credit for essential commodities like potatoes and onions will have to increase to boost production.

"At the same time, the government should take initiatives to break syndicate in the market."

The central bank had promised to introduce a market-based exchange rate by September last year. It, however, has backtracked and now plans to adopt a new exchange rate regime termed the crawling peg.

The crawling peg is a system of exchange rate adjustments in which a currency with a fixed exchange rate is allowed to fluctuate within a band of rates. It fully uses the key attributes of the fixed exchange regime and the flexibility of the floating exchange rate system.

## Lingering Red Sea crisis

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products to Europe, accounting for 45 percent of the country's overseas sales in the last financial year.

Nurul Qayyum Khan, president of the Bangladesh Inland Containers Depot Association, said shipping lines are charging 30 percent to 40 percent more in freight charges.

"It is a global crisis as almost all major shipping lines have rerouted the transportation of commercial goods vessels to avoid the Red Sea."

Shovon Islam, managing director of Sparrow Group, a garment supplier, said one of his buyers has shifted work orders worth \$1.5 lakh to Indonesia considering the lead time.

"The buyer thinks that if the products are manufactured in Indonesia or Vietnam, they can save 10 days in lead time."

"Actually, buyers want to save time and money as the alternative Cape of Good Hope route is both expensive and time-consuming."

Islam was supposed to supply the products in May and June. However, his buyer has later placed another order with him.

A European garment buyer says the cost of freight has increased between 25 percent and 30 percent due to the Red Sea crisis.

So, he is in talks with local suppliers to renegotiate prices and what consignments would be accepted now and what consignments would be taken later.

Another European buyer says the freight charge will increase by 40 percent. "However, no consignment has been suspended yet."

The fare of moving goods from China to Northern Europe rose from \$1,500 to \$4,000 per 40-foot container, according to media reports.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the shipment of garment items from Bangladesh is already witnessing the impacts.

He says garment exporters will have to choose expensive air shipments

if suppliers fail to deliver products within the agreed time. "In the case of air shipments, the cost is too high."

For instance, it costs less than 30 US cents to move one kilogramme of goods from Chattogram to European destinations through sea routes whereas the carrying cost for the same quantity is \$3.50 if air freight service is used.

Usually, shipping costs are borne by importing retailers and brands under the arrangement of free on board (FoB) whereas suppliers bear the carrying costs under the cost and freight (C&F) arrangement.

"The cost of doing business for local suppliers has already increased," said Hassan, adding buyers will ultimately pass on the cost to suppliers for the goods supplied under FoB.

"So, at the end of the day, suppliers are losing money due to extra trade costs."

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, said the freight charge for carrying goods has gone up.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said exports have been affected more than imports due to the Red Sea conflict as most of the exported goods from Bangladesh are bound for Europe and the US.

Bangladesh's exports have already come under stress owing to global economic slowdown. If it suffers further troubles, the foreign currency reserves, which have plunged to a record low level, will not receive much-needed support from the external sector. Then, the taka will continue to be under pressure, keeping imports costlier and inflation at an elevated level.

In a relief, Bangladesh does not use the Red Sea to import goods, Mansur said.

China is the top supplier for Bangladesh, making up 26.1 percent of the country's \$68.45 billion import in 2022-23, central bank data showed. India came second with a share of 13.9 percent.

## Foodpanda fined Tk 10 lakh

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The regulatory authority not only imposed the fine but also issued some directives to Foodpanda.

One key directive prohibits Foodpanda from preventing restaurants from forming partnerships with other delivery platforms.

"Foodpanda is aware of the recent order passed by the BCC. We have utmost respect for the law of the land but it is our belief that Foodpanda's position in the industry has not been adequately reflected in the order based on the facts presented," Foodpanda Bangladesh said in an official statement.

"We are reviewing the order thoroughly and intend to appeal this decision in accordance with the due process of the law," it added.

"Foodpanda remains committed to our customers, partners and the food delivery ecosystem. We are dedicated to delivering quality services, fostering innovation, and contributing to the growth of the food delivery industry," it also said in the statement.

Foodpanda, a subsidiary of the Berlin-based Delivery Hero, operates in 14 countries.

Foodpanda's business in Bangladesh had boomed since the beginning of the Covid-19 pandemic as people were forced to move online to make purchases. It went through a massive expansion by receiving abundant cash from Delivery Hero and started food delivery to all 64 districts of the country by the second week of December 2020.

It also launched a grocery shopping platform called Pandamart at the end of 2020.

In December 2013, Foodpanda Bangladesh started its journey with just 5 employees.