

Eastern Bank secures \$20m from Wells Fargo

STAR BUSINESS DESK

Wells Fargo, an American multinational financial services company, has provided a trade loan of \$20 million to Eastern Bank PLC.

This is the largest trade financing extended to the private commercial bank and represents the highest amount granted by the US firm to any lender in Bangladesh, said a press release.

"We are honoured to receive this trade loan from Wells Fargo, which not only signifies the strength of our longstanding relationship but also reflects their confidence in our ability to drive the international trade development in Bangladesh," said Mehdi Zaman, deputy managing director and head of treasury, financial institutions and offshore banking at the bank.

"The funding reflects the firm's continued commitment to Bangladesh and Eastern Bank," said Adi Kaushik, managing director and head of the financial institution group for the Asia Pacific at Wells Fargo.

"Wells Fargo has played a pivotal role in driving several industry-wide initiatives and this milestone is deemed to be another success story involving the two institutions."

Confidence Cement to halt ready-mix concrete production

STAR BUSINESS REPORT

Confidence Cement, a leading cement maker in Bangladesh, plans to suspend the production of ready-mix concrete due to a disruption in importing raw materials as a result of the dollar crisis, and stagnation in infrastructure development.

The newly imposed value added tax on ready mix concrete hiked prices, reducing demand, the company said in a filing to the Dhaka Stock Exchange (DSE) citing the decision of its board.

The plant is located at Sea-Beach Road, South Patenga, Chattogram.

Confidence Cement reported earnings per share (EPS) of Tk 3.50 in the October-December quarter of 2023, a 34 percent increase from the same period a year earlier, according to its DSE filing.

The company also saw its profit grow in the first half of FY24, with EPS rising 25 percent year-on-year to Tk 5.29.

BB raises short-term trade finance ceiling in foreign currencies

STAR BUSINESS REPORT

The Bangladesh Bank yesterday increased the all-in-cost ceiling for short-term trade finance in foreign currencies to 4 percent.

The move comes considering the global market trend and interest rate scenario, the central bank said in a notice. All-in costs comprise the entire cost of a financial transaction or business operation, including all taxes and fees such as closing costs, origination fees, or commissions.

The BB said it has decided to fix all-in-cost ceiling per annum with a mark-up of 4 percent over benchmark rates such as SOFR and Euribor applicable to the relevant foreign currency against short-term trade finance.

The previous rate was, for example, SOFR plus 3.50 percent, which was set in September 2022.

The Secured Overnight Financing Rate (SOFR) is a benchmark interest rate for dollar denominated derivatives and loans that replaced the London Interbank Offered Rate (LIBOR).

Euribor, or the euro interbank offer rate, is a reference rate that is constructed from the average interest rate at which eurozone banks offer unsecured short-term lending on the inter-bank market.

The ceiling went up as Bangladesh continues to grapple with foreign currency shortages.

The reserves stood at \$19.94 billion on Wednesday, down from \$40.7 billion in August 2021, data from the BB and the International Monetary Fund showed.



Flatbed trucks loaded with furniture are a common sight in Bangladesh at the start of each month. Among many reasons, renters often have to move when their house rent exceeds their spending capacity. The picture was taken in the Banasree area of Dhaka yesterday.

House rent saw faster growth in Oct-Dec: BBS

MD ASADUZ ZAMAN

House rent in Bangladesh rose by an average of 5.89 percent in the October-December period of the current fiscal year, placing an additional burden on many lower and middle-income households, according to the Bangladesh Bureau of Statistics (BBS).

As per the House Rent Index (HRI), the growth of house rent increased by 0.03 percentage points in the second quarter of fiscal 2023-24 compared to the same period of the previous year.

The recent growth comes on the back of a steady decline in the preceding quarter, when the average hike in house rent stood at 6.81 percent.

The BBS released its updated HRI after compiling the cost of renting houses of three categories, namely concrete (pucca), corrugated iron sheet (semi-pucca) and mud houses (katcha and jhupri).

The mud house category saw the highest rent growth during the October-December period, with its related index number rising to 112.47, up by about 6.5 percent year-on-year, as per HRI data.

Similarly, the index of the corrugated iron sheet segment rose to 110.81 in the second quarter, up by some 6.4 percent year-on-year.

House rent is included in the non-food category of the consumer price index, according to BBS.

Nevertheless, the growing house rent is adding pressure on low-and-fixed income groups that are grappling with ongoing inflationary pressure in the country.

For example, Mostafizur Rahman, a private employee who lives in Dhaka's Khilgaon, said he was told that his house rent would increase by 14 percent to Tk 12,000 from January.

"This expense has increased the financial

burden on my family of four," he added.

Baharane Sultan Bahar, president of the Bangladesh Bharatia Parishad (an association of renters), said landlords have the scope to oppress their tenants by increasing the rent at will.

This is because even though Bangladesh has its Premises Rent Control Act, 1991, there is no implementation of the law, he added.

As per the Rent Control Act, if the rent of a house exceeds its standard point, then the extra amount shall not be recoverable (collectable) unless otherwise stated in any contract.

Section 3 of the law states that a controller and deputy controller are supposed to be appointed to specific areas, where they are empowered to decide the standard rent.

The growing house rent is adding pressure on low-and-fixed income groups who are grappling with the ongoing inflationary pressure

"But we did not see the implementation of such laws," Bahar said.

According to Bproperty, a local property solutions provider, house rent in the Bashundhara Residential, Dhanmondi, Banasree and Rampura areas of Dhaka city saw the highest growth of 14 to 20 percent.

Likewise, the house rent in the Badda, Mirpur and Mohammadpur areas increased by 7 to 8 percent.

"The surge in Dhaka's house rent can be attributed to a confluence of factors, primarily driven by enhanced connectivity and improved amenities," said Khan Tanjeel Ahmed, a general manager of Bproperty.

As the city continues to undergo infrastructural transformation, the demand for well-connected residential areas is on the

rise, contributing to the overall uptick in Dhaka's housing expenses.

"The development of an elevated expressway and the introduction of the metro rail have significantly impacted housing costs in various neighbourhoods in the capital," he added.

Talking to The Daily Star, SM Nazer Hossain, vice-president of the Consumers Association of Bangladesh, said the increased house rent has become a turning point for tenants amid the elevated inflation.

"At a time when low-and-fixed income groups are already in pain because of the higher price of food and non-food items, increased house rent is pushing them to cut other costs," he added.

As such, many people have been forced to move their families back to rural areas in order to decrease expenses as their income has not increased at the same pace as that of house rent.

Besides, even the scope to borrow money from others has reduced as everyone is suffering from the inflationary pressure, leaving no alternative to cost cutting.

He also informed that people are suffering as the prices of consumer goods have increased abnormally over the past year.

"So, the government has to take effective initiatives to reduce inflation by thinking about the commoners," Hossain said.

He also said the house rent law is completely inactive at present as the authorities remain indifferent to implementing it.

"This could be because they do not want to annoy the landlords," Hossain added.

Kamal Mahmud, a former vice-president of the Real Estate and Housing Association of Bangladesh, said the hike in raw material and construction costs have contributed to making house rent costlier.

READ MORE ON B2

A hypocrite's handbook: how to preach water and drink wine

MAHTAB UDDIN AHMED

At a multinational company, a new group CEO with a bureaucratic background, who had little knowledge of the industry, was appointed. From his high seat, the big boss decided to cover up his lack of knowledge by flexing his powers.

Subordinates with a stronger personality were either harassed and oppressed or fired. While he was busy on his harassing spree, the board decided to fire him before he completed a year in office. Now, that is what we call "divine justice".

Recently, I watched an Indian news channel criticising China's plan to build a super dam on the Brahmaputra river, near India and Nepal, as a move towards hydro hegemony, potentially causing water crises and ecological damage in neighbouring nations. It highlighted China's past of using river projects as geopolitical tools, affecting countries downstream.

The report called for international efforts to combat the risks of these unilateral endeavours, emphasising the need for diplomatic and legal approaches to ensure fair and sustainable water use and addressing the balance between environmental conservation and geopolitical tactics.

The news took me back to 1976, when, as a schoolboy, I took great interest in the Farakka protest and Moulana Bhashani. The Farakka protest in May 1976, known as the Farakka Long March, was led by Maulana Bhashani, who demanded the demolition of the Farakka Barrage constructed by India.

Designed to divert the Ganges waters into Indian territory, the dam meant the drying up of the Padma, not to mention the consequent environmental and economic implications in Bangladesh. Hearing India's present hue and cry, I love to call it divine justice!

But sadly, in both cases, Bangladesh suffers.

Whether it is in corporate, regional or international politics, the powerhouse tries to abuse its power to serve its own interests at the cost of others. We have seen how "history repeats itself" and how "divine justice" is meted out, and yet we forget that when in power, there are mightier powers. Caring by sharing with your own people and neighbours ensures long-term and sustainable relationships.

Throughout history, superpowers have exercised their dominance, often leading to profound geopolitical and humanitarian consequences. From Israel's occupation of Palestine, the Soviet Union's invasion of Afghanistan and the United States' intervention in Iraq to Russia's annexation of Crimea and China's assertive actions in the South China Sea, these actions have reshaped international borders, destabilised regions, and challenged global stability.

The current political era highlights the use of political and military power to influence or control neighbouring countries, often at the expense of sovereignty, human rights, and regional peace.

Parallel to global superpowers, big corporations often dominate small and medium-sized enterprises (SMEs) by using their vast resources and market control, engaging in practices like predatory pricing, unfair supply chain terms, exclusive deals, strict intellectual property enforcement, creating entry barriers, leveraging bargaining power, buying out SMEs, and swaying regulations.

These actions can push SMEs out of the market, hinder their growth, widen the wealth gap, and decrease competition, significantly harming balanced economic development.

During economic downturns, the gap between large corporations and SMEs often grows, as big companies' financial strength, diversified activities, and operational advantages help them endure challenges like falling demand and supply chain issues. Conversely, SMEs with narrower profit margins, limited financial resources and less varied business models are more susceptible to economic stress.

Looking back at eco-political factors that shaped recent history, it becomes clear that true strength lies in building bridges, not barriers, and in fostering a world where cooperation triumphs over conquest.

The challenges we face, from corporate boardrooms to international waters, demand a shared commitment to equity, sustainability, and the recognition that our destinies are intertwined, urging us to act with foresight and compassion for the well-being of all.

The author is founder and managing director of BuildCon Consultancies Ltd

India tables interim budget of Rs 47.66 lakh crore

PALLAB BHATTACHARYA

With fresh parliamentary elections a few months away, India's Finance Minister Nirmala Sitharaman yesterday tabled an interim budget of Rs 47.66 lakh crore in parliament for fiscal year 2024-25 with focus on youth, women, the poor and farmers, four key constituents of the electorate and announced special funds for tech-savvy youth and addition of two crore rural houses in the next five years.

The size of the interim budget for FY25 was 6 percent higher than that of the previous year.

"The poor, youth, women and farmers are the highest priority for the government," she said and announced an additional two crore houses will be constructed as part of the Prime Minister's housing scheme in rural areas.

Despite the challenges due to Covid-19 pandemic, the implementation of the prime minister's rural housing scheme continued and "we are close to achieving the target of three crore houses. Two crore more houses will be taken up in the next five years to meet the requirement arising from increase in the number of families," Sitharaman said in her 58-minute budget speech.

More than 70 percent houses under

the PM rural housing scheme are for women which has "increased their dignity," she added.

The housing requirements of rural communities also propels the growth in the housing sector and by enhancing the accessibility of affordable housing, the initiative seeks to boost the confidence of the rural population, fostering a feeling of security and pride as they undertake

the experience of dwelling in their own homes, Sitharaman said.

Turning to youth, she said "for our tech-savvy youth, this will be a golden era. A corpus of Rs one lakh crore will be established with 50-year interest-free loan provided. It will be for long-term financing or re-financing with low or nil interest rates".

Referring to farmers, the interim

budget for 2024-25 fiscal year promised to step up value addition in agricultural sector, boost farmers' income and further promote private and public investment in post-harvest activities including aggregation, modern storage, efficient supply chains, primary and secondary processing and marketing and branding to ensure faster growth of the agriculture and food processing sector.

The interim budget is aimed at taking care of the fiscal needs of the intervening period until a new government is formed after the Lok Sabha polls expected sometime in April. The full budget will be presented in July after the election.

The finance ministry expects the gross domestic product to expand at 7 percent for FY24, slightly lower than earlier expectations. The finance minister said the fiscal deficit of the government would remain at 5.8 percent in financial year 2023-24 and was committed to containing it at 4.5 percent in FY26.

Sitharaman said the foreign direct investment inflow into India during 2014-23 was \$596 billion, which is twice the same inflow during 2005-14.

"For encouraging sustained foreign investment, we are negotiating bilateral investment treaties with our foreign partners in the spirit of 'first develop India'," she added.



India's Finance Minister Nirmala Sitharaman holds up a folder as she leaves her office to present the federal budget in the parliament in New Delhi yesterday.

PHOTO: REUTERS