

Star BUSINESS

Shipping insurance has become significantly more costly as Yemen's Huthi rebels continue to attack commercial ships plying the Red Sea.



Story on B4

WEEKLY INTERVIEW



Ashraf Ahmed

Currency swap to help banks facilitate imports

JAGARAN CHAKMA

Small and medium enterprises (SMEs), as well as the rest of the economy, will benefit from banks' increased capacity to support imports thanks to the newly launched currency swap, said Ashraf Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI).

"At the same time, an increase in liquidity in the banking sector will allow banks to lend more to the private sector. All in all, this is a very positive move by the central bank," he told The Daily Star during an interview yesterday.

The Bangladesh Bank (BB) has introduced currency swaps with banks recently, a move that will enable the country to meet the net reserve condition set by the International Monetary Fund with its \$4.7 billion loan programme.

Usually, the central bank has to buy the greenback if it needs to raise the reserve to meet the condition. Now, it may get foreign currencies from banks for a certain period in exchange for only interest.

Under the currency swap deal, commercial banks can take the local currency from the central bank in exchange for the US dollar

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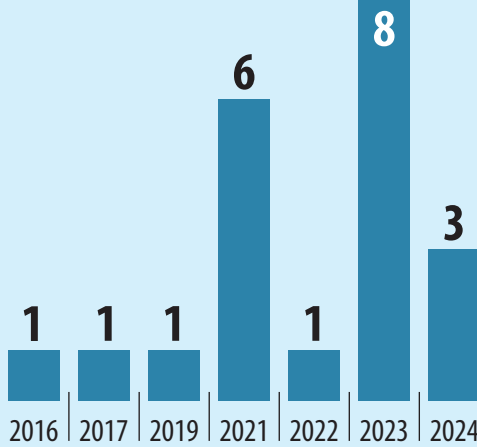
Rushed GI status raises questions over efficacy



GI issued to 21 products in 10 years
Primary nod for GI for 10 products given within a span of 8 days this Feb



Annual registration of Geographical Indication tags (In quantity)



MAJOR GI PRODUCTS IN BANGLADESH

- Jamdani
- Hilsa
- Shatranji of Rangpur
- Rajshahi Silk
- Muslin of Dhaka
- Katcha golla
- Black Tiger of Bangladesh
- Fazli mango
- Sitalpati of Bangladesh
- Bogurar Doi
- Langra of Chapainawabganj
- Kataribhog Rice of Dinajpur

AKANDA MUHAMMAD JAHID

In an unprecedented move, the Ministry of Industries in Bangladesh has issued preliminary approvals for 10 products to be awarded geographical indication (GI) status in a span of just eight days recently although it had taken around 10 years to grant it for 21 other products.

GI is a name or sign used to certify that a product possesses unique characteristics for different aspects of its geographical origin, including climate, culture, manufacturing method or even raw materials.

This in effect highlights the traditions and reputation of products made within a particular area or country, helping fetch higher prices compared to similar products manufactured elsewhere.

As a branch of intellectual property rights, the GI tag ensures that marketing rights and legal protection is reserved for the countries of origin of certified products.

The Department of Patents, Designs and Trademarks (DPDT)

of the industries ministry provides the recognition under the Geographical Indication (Registration and Protection) Act 2013, which is based on rules set by World Intellectual Property Organization (WIPO).

As per rules, an association of producers or a government organisation that works to safeguard producers' interests can apply for GI tag of a product.

This requires having verified

If the GI status-seeking application contains all such documents, the DPDT verifies them and publishes those as a journal.

Objections can be raised within two months and once those are resolved, the DPDT publishes a gazette informing of awarding the GI status.

The DPDT has awarded the GI status to 21 products in the last 10 years since the law was

by India granting GI status to a "Tangail Saree of Bengal" on January 31.

The industries ministry issued a press release on February 7, saying that the Tangail sari has been granted GI status based on an application filed by the deputy commissioner of Tangail on February 6 and a gazette would be published on February 8.

However, Senior Secretary to the ministry Zakia Sultana clarified to The Daily Star on February 7 that they had accepted the application for the publication of the association journal.

A gazette will be published in about two months, she said.

Experts have raised concerns over whether the applications for the 10 have been scrutinised and the documents properly verified so that no loopholes remain.

It usually takes anywhere from three to four months to verify applications and associated documents before they are deemed fit to be published in a journal, said a DPDT official seeking anonymity.

Bangladesh has always been



documents containing legal and historical data, reference, publications, testimonies and others which altogether give proof of a product having characteristics deserving of the GI status.

formulated in 2013.

However, in case of the latest 10 products, it issued journals in a span of just eight days, starting with one on the Tangail sari on February 8.

This was apparently triggered

Poverty, inequality rose in urban areas

Says Sanem

STAR BUSINESS REPORT

Food security declined, inequality deepened and poverty rose in Bangladesh in the last five years owing to the twin shocks of the coronavirus pandemic and price spiral, said the South Asian Network on Economic Modeling (Sanem).

And people who live in urban areas have been impacted more than those in the rural areas, said the think-tank.

The observation is based on a survey that was carried out among more than 9,000 households nationwide in October-November of 2023.

Under the headcount poverty rates measurement, it was found that the urban upper poverty rate increased from 16.3 percent to 18.7 percent between 2018 and 2023.

The data is different from the Household Income and Expenditure Survey (HIES) of the Bangladesh Bureau of Statistics (BBS) published in 2022 when the price hike shock was not as severe as it was in 2023, said Prof Selim Raihan, executive director of the Sanem.

He made the comments as he presented the survey results of the Sanem at a session of the 7th edition of the Sanem Annual Economists' Conference (SAEC) at the Brac Centre Inn yesterday.

According to the HIES 2022, the urban upper poverty rate was 14.7 percent.

Under the multidimensional poverty index measurement method, it also increased to 18 percent in 2023 from 16.8 percent in 2018, according to the Sanem.

However, the national poverty rate was almost unchanged during the five-year period on the back of a fall in rates in rural areas under both methods: it was 20.7 percent last year compared to 21.6 percent in 2018.

Bangladesh lowered poverty at a rate of 3 percent per year between 1990 and 2016. However, this momentum was impacted by the pandemic as many lost livelihoods and slipped below the poverty line because of the nationwide lockdowns imposed to limit the spread of the deadly virus.

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STOCKS		WEEK-ON WEEK
DSEX	0.98%	6,273.96
CASPI	1.56%	18,005.20

COMMODITIES		AS OF FRIDAY
Gold	\$2,035.57	(per ounce)
Oil	\$76.56	(per barrel)

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
0.02%	2.19%	1.18%	0.55%	
73,142.80	39,098.68	3,184.91	3,004.88	

Rancon Motorbikes to raise Tk 150cr through bonds

STAR BUSINESS REPORT

Rancon Motorbikes, a supplier of the Suzuki-branded motorcycles in Bangladesh, is set to raise Tk 150 crore by issuing zero-coupon bonds.

The Bangladesh Securities and Exchange Commission approved the bond in a meeting at its own office in Agargaon on Thursday.

A zero-coupon bond is a debt security that does not pay interest but instead trades at a deep discount. It will render a profit at maturity when the bond is redeemed for its full-face value.

The face-value of the bond is Tk 208 crore and its discount rate is 11-12 percent. This fully redeemable, non-convertible bond will be issued to institutional investors and high-net worth individual investors, and will be listed at the alternative trading board of stock exchanges.

With a face-value of each unit at Tk 1 lakh, the bond proceeds will help Rancon Motorbikes repay bank loans.

Established in 2012, Rancon Motorbikes is the sole authorised distributor to market Japanese motorbike brand Suzuki in Bangladesh.

City Bank Capital Resources is the arranger of the bond.

Rancon Motorbikes has a 138,000 square feet modern factory and it can assembly 115,000 units of bikes every year.

The company has 115 dealers and over 150 authorised service centres across the country.

Rancon Motorbikes' long-term credit rating is AA- while short term rating is ST-2.

Inflation edges up despite monetary tightening. Why?



THE WEEKLY VIEW

SOHEL PARVEZ

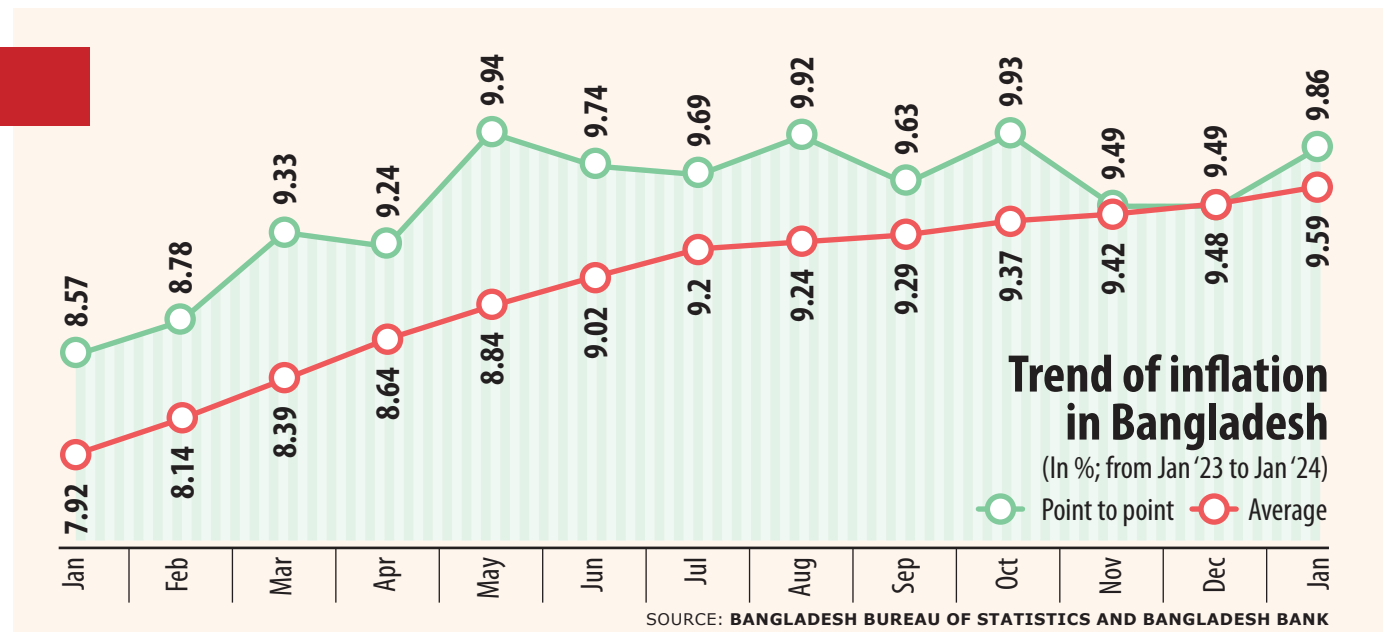
Bangladesh's inflation trend shows no signs of easing.

After falling marginally in December, consumer prices rose again in January to 9.86 percent driven by an increased cost of non-food items.

With the spike, annual average inflation crept up to 9.59 percent last month, way above the central bank's revised target of 7.5 percent for the financial year ending in June.

This upward movement already raised questions about the effectiveness of the monetary tightening, which has been taking place for the last several months to contain demand.

Since May 2022, the Bangladesh Bank hiked the policy rate or repo rate, at which it provides funds to banks and financial institutions, for the eighth straight month.



In January, the central bank increased the policy rate by 25 basis points to 8 percent in its efforts to make money costlier and curb excess demand in the economy.

The interest rate on loans rose too as shown by the upward trend in the Six Months Moving Average Rate of Treasury bills (SMART), the benchmark rate for banks to fix lending rates.

SMART advanced to 8.68 percent in January, a new high since the BB introduced it in July last year, moving away from a 9 percent lending rate cap.

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with Prime Women's Savings Account