

Star BUSINESS

Nearly three out of four people still do not have an account with a bank or non-bank financial institution, a survey found



Story on B4

No more bank merger proposals for now: BB

STAR BUSINESS REPORT

Bangladesh Bank will focus on five merger or amalgamation proposals it has already received and not accept any other proposals for the time being.

Among the five proposals, state-run Sonali Bank wants to acquire Bangladesh Development Bank Ltd (BDBL), and Bangladesh Krishi Bank (BKB) wants to take over Rajshahi Krishi Unnayan Bank (Rakub).

Additionally, City Bank, a private commercial lender, wants to acquire state-run BASIC Bank, while another private lender, United Commercial Bank Limited (UCBL), plans to buy National Bank.

Shariah-based Exim Bank has also proposed to absorb scam-hit Padma Bank.

Bangladesh Bank Executive Director and Spokesperson Md Mezbaur

“We will receive more proposals after completing the five proposed mergers,” says BB Executive Director Md Mezbaur Haque

Haque told The Daily Star that the managing directors and chairmen of the banks had verbally informed the central bank about the planned mergers.

“These are voluntary merger proposals. The lenders will apply to the central bank formally after the plan is approved at their board meeting,” he said.

“We will work on the five proposals at this moment. We will receive more proposals after completing the five proposed mergers,” he said.

However, industry insiders said the merger plans were not voluntary

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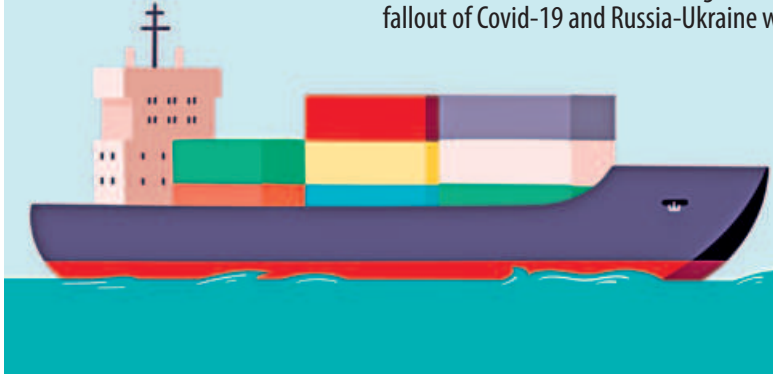
RMG exports face fresh trouble as Iran-Israel conflict stokes fears

IRAN'S ATTACK ON ISRAEL

Further escalation of conflict may lead to oil price hike, which will raise Bangladesh's garment production cost

RED SEA CRISIS

- Due to the crisis, additional 15 days are required to carry goods from Bangladesh to Europe
- Retailers and brands going for nearshoring to shorten lead time
- Air shipment cost is also rising following Red Sea crisis
- The latest blows came when the global supply chain was recovering from the fallout of Covid-19 and Russia-Ukraine war



MAIN EXPORT DESTINATIONS

- Europe and the US are main export destinations for Bangladesh
- More than 80% goods of Bangladesh are destined for Europe and the US

REFAYET ULLAH MIRDHA

Garment shipments from Bangladesh are witnessing fresh concerns after tension escalated between Iran and Israel, piling up pressure on the global supply chain already creaking owing to the ongoing Red Sea crisis and the Gaza war.

Local apparel exporters fear that the cost of doing business will increase further since global petroleum prices might jump if the tension escalates into a full-blown war, which will raise the shipping costs and affect oil traffic going through the Middle East.

The latest concerns came after Iran carried out direct drone and missile attacks on Israel on Sunday in retaliation for an Israeli strike on the Islamic Republic's consulate in Syria's Damascus.

Buyers are already asking suppliers to execute orders as soon as possible because the time to transport goods has been extended by an additional 15 days

following the outbreak of the Red Sea crisis in October.

Before the crisis involving the Red Sea, which connects Asia to Europe via the Suez Canal, emerged as the heart of global tension, 30 days were usually needed to ship goods from Chattogram to ports in Europe.

The tension has forced carriers to reroute ships around the Cape of Good Hope in South Africa, resulting in delays of up to three weeks since they would have to travel an additional 3,500 kilometres, raising operational expenses.

Also, because of the crisis, a number of clothing retailers and brands are near-shoring and shifting some orders away from

Bangladesh to Turkey or Vietnam in order to avoid disruptions to the supply chain.

The loss of orders comes at a time when the biggest foreign currency-earning sector of Bangladesh is eyeing recovery from the chaos caused by the global supply chain by the severe fallout of the Covid-19 pandemic and the Russia-Ukraine war.

“Near-shoring is happening in some cases. Many buyers are placing orders with Turkey whereas these orders were supposed to come to Bangladesh,” said Asif Ashraf, managing director of Urmi Garments Ltd, an apparel exporter. “This is because securing deliveries on time is vital to buyers.”

Near-shoring takes place when companies outsource to a nearby country.

In the global garment trade, a shorter lead time has emerged as a key feature for countries looking to become more competitive since many players compete in the same markets.

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Stocks plunge as Middle East tensions flare up

Investors go for panic sales for fear of another global crisis

STAR BUSINESS REPORT

Major indices of the stock market of Bangladesh fell yesterday in the face of huge selling pressure as investors are worried the economy could suffer from another global crisis resulting from Iran's attack on Israel.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 85 points, or 1.45 percent, to close at 5,778 on the first trading session after the Eid holiday beginning on April 9.

Similarly, the DSES, an index that represents Shariah-compliant companies, shed 16 points, or 1.26 percent, to hit 1,266. Likewise, the DS30, an index comprising blue-chip stocks, lost 17 points, or 0.86 percent, to reach 2,014.

Saiful Islam, president of the DSE Brokers Association, said general investors had no reason to sell their shares as the attack on Israel was a form of retaliation and not a declaration of war.

“Even though the attack may create some concerns, the situation is not such that people need to panic, especially since the market is already in a bearish trend.” Still, terrified investors were looking to

sell from the onset of trading, leaving the market indices to face an early plunge that only deepened as the day wore on.

The plunge was unexpected as the indices were rising ahead of Eid-ul-Fitr following weeks of decline after the removal of floor prices.

“But the sharp fall disrupted the momentum. It was a pure case of external factors at work,” Islam added.

Iran unleashed a barrage of missiles and drones in the early hours of Sunday, targeting Israel in retaliation for last week's Israeli strike on its consulate in Damascus.

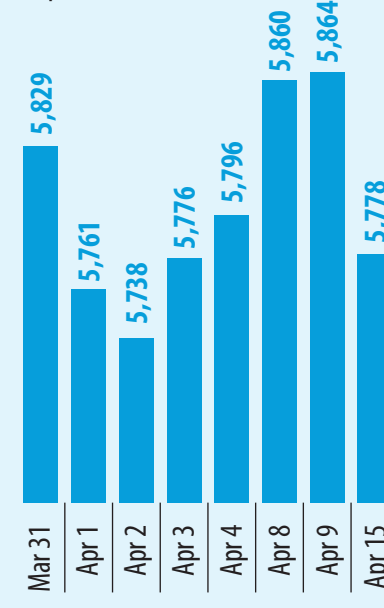
Mesbah Uddin Khan, CEO of Sheltech Brokerage Ltd, said it was illogical for investors to sell their shares fearing another economic crisis as Iran's attack did not cause any major damage warranting further retaliation.

“So, investors who sold shares out of panic incurred losses that could have been avoided as the attack may not result in an all-out war, according to reputed media outlets worldwide.”

Against this backdrop, Khan warned against panic sales and said those who offloaded shares in a hurry will face losses and struggle to recover. READ MORE ON B3

Movement of DSEX

In points; SOURCE: DSE



STOCKS THAT HIT INDEX HARD

Company	Decline in points
Beacon Pharma	7
British American Tobacco	6.5
Square Pharma	4
BRAC Bank	4
National Bank	4

REASONS BEHIND DROP IN INDEX

- Confidence crisis
- Crisis centring Iran's attack on Israel
- Lower number of buyers

NBR issues ‘electric seal and lock rules’ for fourth time

MOHAMMAD SUMAN

The National Board of Revenue (NBR) has for a fourth time issued a notification regarding the implementation of “Electric Seal and Lock Rules 2024” for the protection of goods at all customs houses, be they imported or meant for export.

The NBR issued the notification three times in the past but failed to implement them.

“All types of containers, trucks and covered vans can be brought under electronic seals and locks,” SM Humayun Kabir, member (customs modernisation and project management) of the NBR, told The Daily Star recently.

“This will solve the longstanding problem of goods being stolen on the road,” he said.

Moreover, the tendency among some unscrupulous traders to locally make illegal sales of goods brought under bonded warehouse facilities (duty free) will also be stopped, he said.

“This will protect the government's revenue too,” he added.

The NBR had appointed a private company in 2017 to provide associated services but could not implement the rules till date due to objections of trade

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Rice prices unlikely to fall from current level

USDA forecasts in report on Bangladesh

SOHEL PARVEZ

Rice prices are unlikely to decline from the current level in marketing year (MY) 2024-25, beginning from May, the US Department of Agriculture (USDA) said in its latest report on Bangladesh.

“This is due to the high cost of paddy production, attributed to the increased costs of seeds, fertilisers, irrigation, labour, and other factors,” the USDA's Foreign Agricultural Service said in its report on grain and feed in Bangladesh, published last week.

“Farmers note that the cost of production increased due to the increase in fertiliser cost, irrigation cost, and labour cost,” it said.

The daily labour wage rate was 30 to 40 percent higher during the Boro paddy planting season this year compared to that a year ago, it added.

The USDA's prediction comes at a time when rice prices are going up.

Yesterday, the price of coarse grain, the benchmark variety, was 6.25 percent higher year-on-year, reaching Tk 50 to Tk 52 per kilogramme at retail markets in Dhaka.

The price of fine grain also edged up, according to market price data collected by the state-run Trading Corporation of Bangladesh.

Compared to a month ago, prices of rice, regardless of quality, increased, showed TCB data.

The US agency said the average retail price



The US agency forecasts that the overall yield of Boro rice would be 2.05 crore tonnes in MY25 compared to 2 crore tonnes in MY24.

PHOTO: MOSTAFA SHABUJ

of high-quality non-aromatic rice remained high throughout MY2023-24.

In March this year, the average price of non-aromatic rice was Tk 68.5 per kilogramme, up 1.5 percent year-on-year, said the USDA report.

“Since October 2023, the coarse rice price has risen slightly every month, primarily on high inflation and higher cost of milling and transportation. Even with the good Aman season harvest, the prices remain high,” it said.

“Rice millers and traders mentioned that the

high price of paddy leads to high prices for rice.”

The report also said an import duty reduction by the government in February to 15.25 percent from 62.5 percent as well as the permission granted to the private sector to import the grain was unlikely to reap rewards.

“However, due to the high international price of rice and the depreciation of the local currency, private importers have shown little interest in importing rice,” said the USDA.

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SS Steel to raise Tk 500cr thru bonds

STAR BUSINESS REPORT

SS Steel has decided to issue bonds worth Tk 500 crore in order to repay bank loans, and expand and modernise its existing facilities.

The steel producer's board of directors took the decision to issue the unsecured, convertible and redeemable coupon-bearing bonds in a meeting on April 9 and informed shareholders through a disclosure on the Dhaka Stock Exchange (DSE) yesterday.

Unsecured refers to the fact that if the company goes bankrupt and defaults on its payments to investors, the repayment of the owed principal amount, as well as interest, is not guaranteed to the investors.

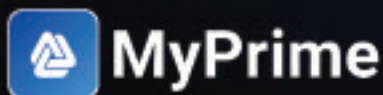
Convertible refers to the fact that the bonds can be converted into a predetermined number of common stocks or equity shares whereas redeemable means that it can be paid off by the issuer prior to its maturity date.

The bonds will have a tenure of seven years and will be issued after receiving approval from the Bangladesh Securities and Exchange Commission.

SS Steel's net revenue rose 94 percent to Tk 1,486 crore in fiscal year 2022-23 while profits dropped 97 percent to Tk 1.76 crore.

This prompted the company to provide a 2 percent cash dividend.

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