

Runner Automobiles brings down losses

STAR BUSINESS REPORT

Runner Automobiles, one of the largest listed automobile companies, has continued to suffer from losses due to a decline in revenue and increase in financing costs.

The manufacturer of motorcycles and three-wheelers said its losses per share declined 4 percent year-on-year to Tk 1.35 in the January-March period of fiscal year 2023-24.

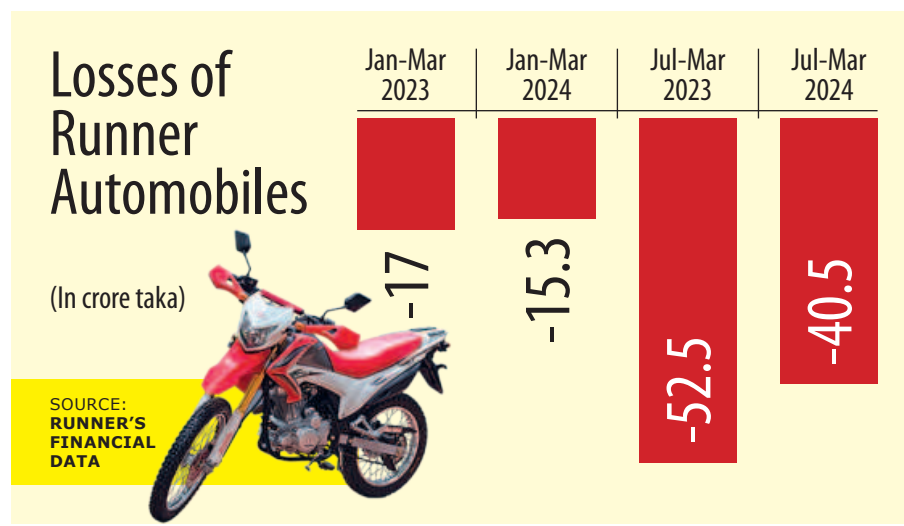
This led to losses per share reducing 17 percent year-on-year to Tk 3.51 in the July-March period of the fiscal year, according to the company's disclosure on its website on Thursday.

"Overall downturn in the national economy has affected performance of the company like many other manufacturing entities," it read.

The company did not publish its financial statement.

But based on the fact that it has 11.35 crore stocks currently held by all its shareholders, its total loss amounts to Tk 15 crore in the third quarter of fiscal year 2023-24, down from Tk 17 crore a year ago.

The automobile company's losses



declined to Tk 40.5 crore in the three quarters of the current financial year compared to Tk 52.5 crore in the same period of the previous year.

The company had incurred a loss of Tk 96 crore for the first time in 2022-23 since being listed with the stock exchange

in 2019, mainly due to lower sales as a consequence of the tight macroeconomic situation and the Ukraine-Russia war.

Its shares fell 2.96 percent to Tk 29.5 on the Dhaka Stock Exchange last Thursday.

Runner said it established its three-wheeler (3W) manufacturing plant based

on future prospects.

"The company also experienced favourable developments in the overall business situation of the 3W market," the company said.

The company added that it could not fulfil the demand for its products mainly due to strict import restrictions, the devaluation of the local currency against the US dollar, and a surge in the interest rate.

"All these factors led to negative earnings for the period," the company said, adding that its major subsidiary, Runner Motors, returned to profit and "early signs are promising".

"Also, with increased investment in working capital with better fund management coupled with some other proactive measures, the company expects to do better in the next quarter," it said.

The automobile company blamed the negative earnings per share (EPS) on the drop in revenue and higher finance costs.

It said its net operating cash flow per share (NOCP) was in the negative in the January-March period of this fiscal year.

In the three quarters till the end of March, the NOCP dipped to Tk 13.18 from Tk 25.57 in the same period a year ago.

Technical training leads to skills development: ILO

STAR BUSINESS REPORT

Bangladesh has formulated a National Skills Development Policy and established a unified national qualifications framework to enhance recognition of skills qualifications and facilitate up-skilling of the workforce, the International Labour Organization (ILO) said on April 24.

Alongside that, the traditional technical and vocational education and training (TVET) system has evolved into an industry-relevant and skills-focused model in Bangladesh.

These transformations reflect the government's commitment to its development vision, complemented by significant financial contributions by development partners and technical expertise provided notably by the ILO.

However, challenges persist in realising Bangladesh's vision for the national skills system.

Therefore, the Global Skills Forum, hosted by the ILO Skills and Employability Branch on April 23-24, which had invited constituents and development partners to discuss challenges and partnerships in a changing world, featured an exclusive session dedicated to Bangladesh.

This high-level panel discussion was held at the ILO headquarters in Geneva, Switzerland.

Srinivas Reddy, chief of the Skills and Employability Branch, moderated the session.

Bangladesh's Education Minister Mohibul Hassan Chowdhury attended the event and highlighted the nation's significant advancements in skills development, notably in ensuring accessibility and equity for marginalised groups such as women, indigenous communities, and persons with disabilities.

29 companies to get Green Factory Award-2023

STAR BUSINESS REPORT

The government will present a "Green Factory Award 2023" to 29 companies from 12 sectors today recognising their role in enhancing productivity through the use of skilled workforce and eco-friendly technology in safe environments.

The sectors are woven, knitwear, leather (finished goods and tannery), tea, cement, pharmaceuticals, tiles and ceramic, electric and electronics goods manufacturing, plastic, food processing, and textile industries.

The Ministry of Labour and Employment is organising the event at the Bangabandhu International Conference Centre in Dhaka.

State Minister for Labour and Employment Nazrul Islam Chowdhury informed of the award ceremony through a press conference at Sromo Bhabon in Dhaka yesterday.

Shirin Sharmin Chaudhury, speaker of Jatiya Sangsad, is scheduled to hand over Tk 1 lakh, a

medal, a memento, and a certificate to each of the winners. The International Labour Organization (ILO) marks the "World Day for Safety and Health at Work" on April 28 every year to promote the prevention of occupational accidents and diseases globally.

Bangladesh now has the highest number of "green" garment factories as per certifications of United States Green Building Council, according to BGMEA data

Following the ILO's guideline, Bangladesh has also been observing the day by awarding factories in different sectors in recognition of their initiatives for protecting workers' health and environmental protection. The labour ministry will also bring out a procession to observe the day.

Currently, Bangladesh has the highest number of "green" garment factories as per certifications of United States Green Building Council (USGBC), according to data from the Bangladesh Garment Manufacturers and Exporters Association.

Of these 215 factories, 80 are platinum rated, 120 gold, 10 silver and four green as per the USGBC's Leadership in Energy and Environmental Design (LEED) certification.

Moreover, 55 of the world's 100 top-rated green buildings are located in Bangladesh.

Bangladesh's industrial sector started "greening" factories after the Rana Plaza building collapse to enhance compliance with regulations with regard to workplace safety, health, environment and rights of workers.

This is in tune with changing behaviour and purchase patterns in the West for rising awareness towards environment conservation and sustainability in supply chains.

Enhance skillset of graduates to improve insurance sector

Experts say at roundtable

STAR BUSINESS DESK

Knowledge of specialised financial services is continuously evolving, which makes industry-academia relationship very important, according to discussants at a roundtable.

They urged the authorities concerned to focus on preparing students with up-to-date knowledge so they can better serve the industry.

The Department of Banking and Insurance of the University of Dhaka organised the roundtable, styled "Upgrading Insurance Curriculum: Responding to the Need of the Industry", at the MBA Building at the Faculty of Business Studies on Thursday, read a press release.

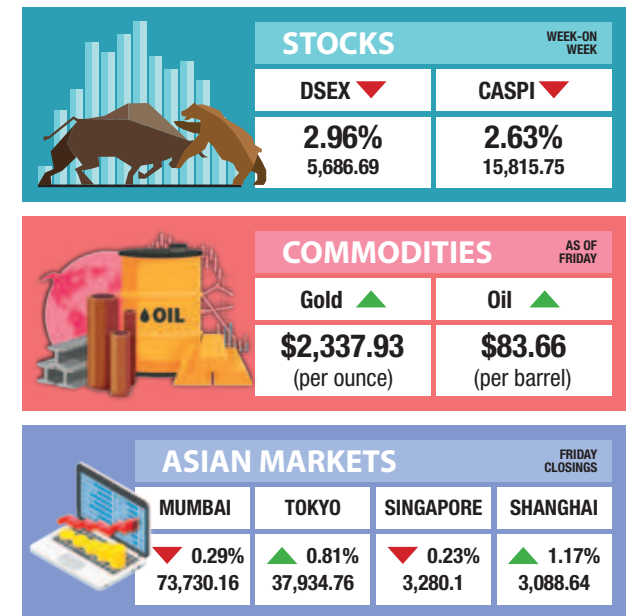
Mohammad Jainul Bari, chairman of the Insurance Development and Regulatory Authority, was present as chief guest.

Nahid Hossain, additional secretary of the Financial Institutions Department of the ministry of finance, alongside managing directors and chief executive officers from leading life and non-life insurers attended as discussants.

Prof Hasina Sheikh, chairman of the Department of Banking and Insurance, presided over the roundtable, which was moderated by Prof Shahidul Islam. The panel agreed that academia must enhance the skillset of graduates so they can meet the challenges.

Ala Ahmad, chief executive officer of MetLife Bangladesh, Md Jalalul Azim, managing director and CEO Pragati Life Insurance, Saswata Ray, managing director and CEO of Life Insurance Corporation of Bangladesh, Anwarul Haque, chief executive officer (current charge) of Delta Life Insurance, Md Apel Mahmud, chief executive officer of Fareast Islami Life Insurance, and Munshi Md Monirul Alam, managing director and CEO of Bengal Islami Life Insurance, were present among representatives of life insurers.

Md Khaled Mamun, chief executive office of Reliance Insurance, SM Ibrahim Hossain, chief faculty of Bangladesh Insurance Academy, and Kazi Md Mortuza Ali, director general of the Bangladesh Institute for Professional Development, were also present.



Bank mergers far from voluntary

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Troubled banks and lenders with a good performance record will be able to decide for themselves whether they would like to merge with each other by December this year, said the BB.

Troubled banks refer to those showing signs of financial weakness such as an unsustainable level of non-performing loans.

Afterwards, the central bank will identify banks for mergers as it deems fit and conduct the amalgamations under the Prompt Corrective Action (PCA) Framework from March next year.

Prior to the issuance of the guideline, three merger decisions were made public following separate meetings between top BB officials and the respective banks' managing directors and chairman. Afterwards, the remaining two merger decisions were announced.

The first "voluntary" merger decision was taken by the boards of directors of EXIM Bank and Padma Bank on March 14. EXIM Bank Chairman Md Nazrul Islam Mazumder later told journalists

that they had decided on it as the government had "proposed" it.

The second and third decisions for the merging of Bangladesh Development Bank with Sonali Bank and Rajshahi Krishi Unnayan Bank with Bangladesh Krishi Bank came from a single meeting between the respective banks' managing directors and the central bank governor on April 3.

The Rajshahi Chamber of Commerce and Industry formed a human chain protesting the merger decision.

As for the fourth and fifth cases, officials of BASIC Bank and National Bank were not present in meetings where it was decided that they would be merged with City Bank and United Commercial Bank (UCB), respectively.

These two separate meetings were held between the central bank and the managing directors and directors of City Bank and UCB on April 8 and April 9.

The board of BASIC Bank sent a letter to the finance ministry on April 18 informing that they wanted to merge with a state-run bank instead

of the privately-run City Bank.

Top officials of National Bank informed journalists that they were still in the dark about the merger decision and that it was taken without their consent.

National Bank Managing Director Md Touhidul Alam Khan told The Daily Star that the bank was now under pressure as depositors were rushing to withdraw funds from the bank.

Officials of UCB said they learned about the decision from the central bank and had neither sent such a proposal to National Bank nor received one from it.

UCB Managing Director Arif Quadri told this newspaper that the discussions were at the preliminary stage and the bank had not sent any formal proposal.

Forced mergers will not bring about any positive impact, according to the World Bank.

Forced bank mergers may be counterproductive if a thorough assessment of asset quality was not conducted beforehand, it said.

"A consolidation process will require careful assessment

A third of budget spent on interest payments, subsidies

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It was assumed that the actual subsidy expenditure would surpass the target. The expenditure was bigger than expected owing to higher energy bills because an elevated volume of arrears had to be paid back.

In the last five years, the discretionary expenditure—wages and salaries, pensions, subsidies—increased faster than the revenue earnings, narrowing the government's fiscal space.

The bank borrowing to finance the deficit has not risen much this fiscal year: it borrowed Tk 23,627 crore between July and January against Tk 34,306 crore in the identical seven-month period in FY23.

The net sales of NSCs were negative, which refers to a situation when the government repays more than the instruments sold. It repaid Tk 6,763 crore in July-January and Tk 3,035 crore in the same period of FY23.

NSCs were the primary source of domestic financing a couple of years ago. However, its issuance has turned negative because of less competitive interest rates and tighter controls.

As of September 30, the government's outstanding debt stock was Tk 16,55,156 crore.

"The interest payment will rise further as the government is borrowing more," said Prof Selim

Raihan, executive director of the South Asian Network on Economic Modeling.

He said until the government focuses on accelerating revenue collection, the loans will keep increasing. Therefore, the interest payment will be challenging in the coming years.

The economist said the subsidy spending rose not only because of the price hike in the international market but also because of the inefficiency in the energy sector.

Prof Raihan thinks raising the price is an easy option to cut back on subsidy expenditure. "However, we have not seen any improvement when it comes to increasing efficiency."

The revenue collection rose 13 percent year-on-year to Tk 223,438 crore between July and January. The National Board of Revenue's receipts increased 12.6 percent to Tk 195,501 crore. Non-NBR tax revenue, however, dropped 3.4 percent to Tk 4,475 crore.

Non-tax revenue increased 21 percent to Tk 27,461 crore in the seven-month period.

The government spent Tk 191,088 crore from its revenue budget in the seven months, which accounted for 40.2 percent of the allocation. In FY23, it stood at 39.7 percent.

Development expenditure was Tk 55,833 crore, or 20 percent of the allocation.

BTRC to formulate

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This will ensure internet connection to remote areas, especially villages, chars and islands," he said.

According to the BTRC's documents, not only Starlink, its rival companies OneWeb and Amazon are also maintaining contact with Bangladesh.

The committee decided to be formed recently will see if such internet services are feasible in the Bangladesh market.

Besides, it will evaluate the impacts, be it negative or positive, of such services in the local internet service market.

In Bangladesh, four telecom operators provide mobile internet service while 3,000 small and medium companies offer broadband internet services.

There are 13 crore internet subscribers in Bangladesh and 90 percent of them are mobile users.

However, according to the Bangladesh Bureau of Statistics, the number of internet users stood at 41 percent for people aged above 15 in 2023.

As mobile internet and broadband have already permeated almost all areas of Bangladesh, commercial success of satellite internet is likely to be limited.

The cost of the Starlink internet is also prohibitively high in the context of Bangladesh, costing about US\$120 per month in most locations while the initial hardware costs reach up to \$599, according to its website.

Heat stress jeopardises

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Department of Livestock Services, said dairy farmers are suffering owing to the heatwave. So, the department has taken the initiative to help the farmers and is giving them proper guidance.

"We are encouraging farmers to keep their animals in cool, shady

In case of the local internet service providers (ISPs), 5mbps broadband costs about Tk 500 (\$5) per month while mobile internet costs between Tk 400 to Tk 500 (\$4 to \$5) per 30GB.

Earlier, SpaceX expressed its intention to launch Starlink services in Bangladesh and its officials met with multiple government entities to this end in June last year.

Joel Meredith, manager for global government affairs at SpaceX, and Parnil Urdhwarshet, manager for global licensing and activation, gave presentations on its features.

In a demonstration to Bangladesh Satellite Company, Starlink's internet and download speeds reached about 500mbps, according to Chairman Shahjahan Mahmood.

Download speeds reached 150mbps in another demonstration to the ICT Division.

Bangladesh Satellite Company collected five Starlink terminals (Starlink Kits) to analyse the technology and its performance in rain, fog and inclement weather.

SpaceX, currently worth over \$150 billion, provides satellite internet coverage to more than 60 countries with about 4,519 Starlink satellites currently in orbit.

The British company OneWeb also sent a few hundred satellites to space.

Jeff Bezos, the creator of Amazon, is expanding into space ventures with plans of launching over 3,200 satellites in the coming years to provide global internet coverage.

places as much as possible. Farmers should follow the guidelines on feeding and other areas to keep animals in a better shape during the heatwave."

He said they are carrying out research to come up with varieties that can survive in the heatwave.