

Star BUSINESS

Women in Bangladesh are lagging behind men in both mobile ownership and mobile internet adoption



Story on B4

Why are investors leaving the stock market?

AHSAN HABIB

Stock investors in Bangladesh are leaving the share market as they are losing their hard-earned money because of the persisting fall of the indices driven by the prolonged economic crisis, the worsening health of the banking industry, and rising interest and exchange rates.

The number of beneficiary owners' accounts dropped more than 4 percent to 17.90 lakh last week from a year prior, data from Central Depository Bangladesh Ltd (CDBL) showed.

A year ago, the number of BO accounts was 18.71 lakh, while it stood at 20.80 lakh in May of 2022 and 26.61 lakh in the identical month in the previous year.

Although each BO account does not necessarily refer to a stock investor, the number is still tiny in a country of 17 crore people.

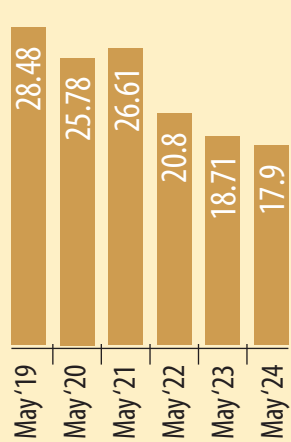
The decline is mainly the result of a long absence of good governance in the market, the lack of a high number of sound companies, rapidly rising interest rates in the banking sector, and the gloomy economic outlook, said industry people.

Even worse, investments in good stocks can't ensure good returns while trading in junk stocks is giving better profits. Therefore, informed investors are exiting the market.

People's trust in the stock market is falling. Therefore, many of them are leaving and many will exit soon, they

BO accounts over the years

In lakh; SOURCE: CDBL

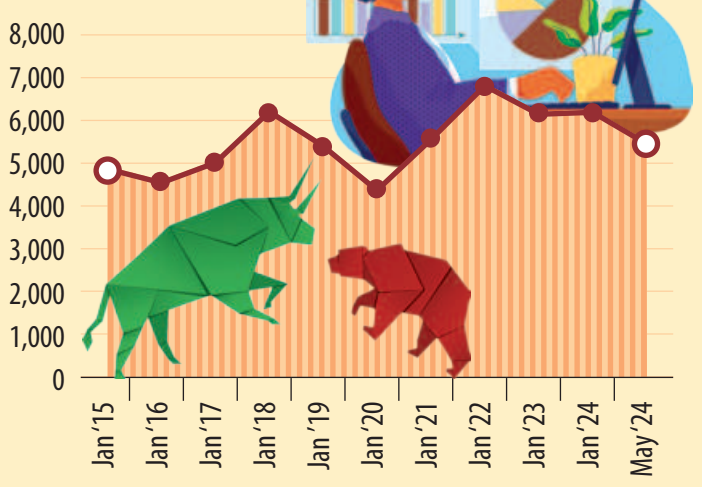


WHY PEOPLE ARE LEAVING STOCK MARKET

- Gloomy macro-economic situation
 - Higher interest rates in banks
 - Lack of good governance in stock market
 - Shortage of well-performing companies
- WAYS FORWARD**
- Bringing good companies in the market
 - Ensuring good governance
 - Reducing market manipulation

Ups and downs in DSEX

In points; SOURCE: DSE



warn.

A stock market analyst, who has been in the stock market for around three decades, told The Daily Star last week that he sold off most of his stocks because he feared that the macro-economic scenario may deteriorate.

For him, there are genuine causes for concern.

The economy has long been struggling to make a comeback from the fallout of the coronavirus pandemic and the Russia-Ukraine War.

The foreign currency reserves, which had shot to an all-time high in August 2021, have halved in the past two years. The taka has lost its value by 35 percent, making

imports costlier.

Owing to external and internal factors, inflation has stayed above more than 9 percent for the past 20 months, bringing in about one of the longest spells of cost-of-living crisis in recent memories in a country where the number of poor and low-income people is high.

"If the taka falls further, foreign investors will sell more shares," the trader said. "Similarly, the manufacturing sector may face difficulty in the coming months if the forex reserves don't pick up."

"This is because their raw materials cost will rise. Their profit which has been under pressure in recent quarters due to the rapid depreciation of the local currency may plummet."

Jakir Hossain, an investor, sold off his entire holding and closed his BO accounts last month.

"I lost 60 percent of my investments in

the last three years. Due to the floor price, I was stuck for around two years. In early 2023, I could not even sell shares when I needed money the most."

The DSEX, the benchmark index of the Dhaka Stock Exchange, hovered around 6,200 points for around two years before the regulator began withdrawing the floor price in January. Since then, it dropped 11 percent, or 725 points, to 5,517 last week.

Investors in Bangladesh are losing their appetite for stocks at a time when markets in most other countries are displaying scintillating performance although the war in Ukraine is still raging while the Middle East is witnessing new conflicts.

For example, the Dow Jones industrial average, the index of 30 prominent companies listed on stock exchanges in the United States, closed above the 40,000-mark for the first time on Friday.

READ MORE ON B3

5 bank MDs to seek dollar deposits in NY campaign

STAR BUSINESS REPORT

The managing directors (MDs) of five banks are going to New York to participate in a campaign on May 24 to encourage expatriates to deposit US dollars in offshore banking accounts.

Amid a lingering US dollar crisis in Bangladesh, some banks are giving special emphasis on offshore banking to increase the supply of the greenback in the banking sector.

As a part of the effort, BRAC Bank, Dutch-Bangla Bank, Bank Asia, Agrani Bank, and City Bank will arrange a dinner for expatriate Bangladeshis at New York LaGuardia Airport Marriott.

In the event, the banks will introduce offshore banking fixed deposits.

Investors enjoy tax-free profit of up to 8.40 percent on fixed deposits for terms ranging from three months to five years.

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| STOCKS | | WEEK-ON WEEK |
|--------|-------|--------------|
| DSEX | 2.54% | 5,661.05 |
| CASPI | 1.38% | 16,006.53 |

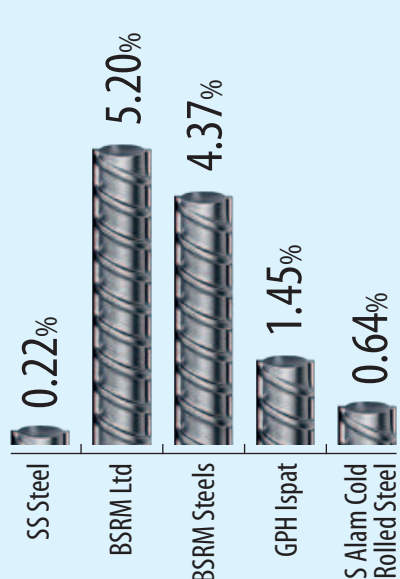
| COMMODITIES | | AS OF FRIDAY |
|-------------|------------|--------------|
| Gold | \$2,413.93 | (per ounce) |
| Oil | \$79.99 | (per barrel) |

| ASIAN MARKETS | | | | FRIDAY CLOSINGS |
|---------------|-----------|-----------|----------|-----------------|
| MUMBAI | TOKYO | SINGAPORE | SHANGHAI | |
| ▲ 0.46% | ▼ 0.34% | ▲ 0.26% | ▲ 1.01% | |
| 74,005.94 | 38,787.38 | 3,313.48 | 3,154.03 | |

SS Steel sees profit shrivel as it expands footprint

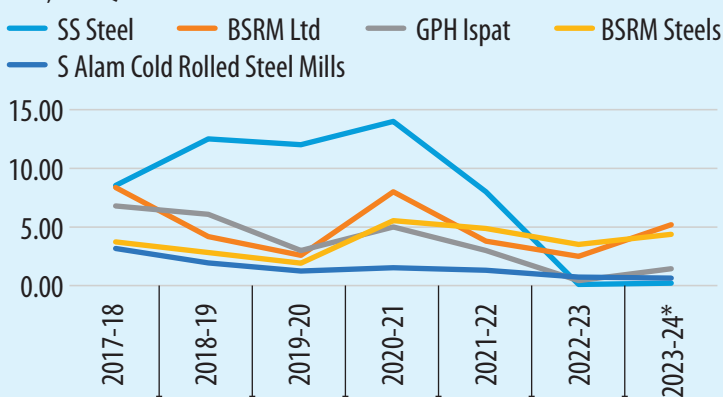
NET PROFIT MARGIN OF LISTED STEEL MAKERS

In %; Till Q3 of 2023-24



Net profit margin over the years

In %; *Till Q3



AHSAN HABIB

SS Steel Ltd has registered higher turnover thanks to increased sales ever since the steelmaker started acquiring several companies in 2020, but its overall profit has dropped.

Sales of SS Steel rose 41 percent year-on-year to Tk 1,642 crore during the July-March period of the current fiscal year. Still though, the company notched a profit of just Tk 3.9 crore, indicating that its net profit margin was 0.23 percent, the lowest among all listed steelmakers in operation.

The profit margin of S Alam Cold Rolled Steels stood at 0.64 percent in July-March while that of GPH Ispat was 1.45 percent, BSRM Steels was 4.37 percent, and BSRM Ltd was 5.20 percent.

A company's profit margin gauges the percentage of its revenue that remains as profit after subtracting all expenses, such as raw material and transport costs.

As per company disclosures, SS Steel has acquired Saleh Steel Industries, Al-Falah Steel, Super Steel, and Peninsula Steel Mills over the past five years, investing large sums to revive production at the units.

As a result, sales of SS Steel rose but its profitability has been

falling in line with other financial indicators mainly due to higher net finance and raw material costs.

The net finance costs, or interest due on loans, amounted to 5 percent of turnover in FY2020-21 while it rose to 8 percent in FY23.

Therefore, investors and stock market analysts have started questioning the logic behind SS Steel taking over the companies since it remains unclear who actually benefited from the move as general investors did not.

SS Steel has acquired Saleh Steel Industries, Al-Falah Steel, Super Steel, and Peninsula Steel Mills over the past five years

During its trading debut in 2019, SS Steel had the highest net profit margin among all listed steelmakers. This helped the company raise Tk 25 crore through its initial public offering. Currently, it has the lowest profit margin in the steel industry, according to an official of an asset management company.

Citing how there should be a logical explanation for SS Steel's shrivelled profits, the official suggested the stock market

regulator should investigate whether its profit margin reduced for business reasons.

The asset manager also said that some companies show better performances before getting listed in a bid to attract investments. But following its trading debut, the company's performance weakens. Therefore, the regulator should also investigate if SS Steel is this type of case, he said.

The profit margin of SS Steel was 12.51 percent in FY19 while it was 12 percent and 14 percent in FY20 and FY21, respectively.

The profit margin of GPH Ispat was 6 percent, 3 percent and 5 percent, respectively, over the same three years. Meanwhile, the profit margins of BSRM Ltd and BSRM Steels ranged from 1.92 percent to 8 percent during the three-year period.

The official added that the Bangladesh Securities and Exchange Commission (BSEC) should look into the reasons behind SS Steel's present situation as it could be linked with the interests of investors.

In line with the reduced profit margin, the dividend payments also decreased over the years: SS Steel declared a 15 percent stock dividend for FY19 while it was 10

READ MORE ON B2

WEEKLY INTERVIEW



Fahmida Khatun

Govt brings down ADP for a lack of fund CPD's Fahmida says

JAGARAN CHAKMA

The government is currently faced with a lack of funds, evidenced by a reduction in allocations it provided from the exchequer for the upcoming Annual Development Programme (ADP), said Fahmida Khatun, executive director of the Centre for Policy Dialogue.

"Due to a shortage of its own resources, the government is facing financial stress," she told The Daily Star in a short interview yesterday.

The government on May 16 approved Tk 2.65 lakh crore for the ADP for fiscal year 2024-25.

READ MORE ON B3

Internet subscriber base gets massive boost

MAHMUDUL HASAN

The number of internet subscribers in Bangladesh spiked by a massive 43.5 lakh in March, the biggest jump in recent years, with mobile data users making up a bulk of the new customers.

There were about 13.47 crore mobile internet users in March, up from 13.03 crore previously, according to the latest data of the Bangladesh Telecommunication Regulatory Commission (BTRC).

Of the 43.5 lakh new subscribers, 36 lakh are mobile internet users with their numbers growing to 12.12 crore in March from 11.74 crore in February.

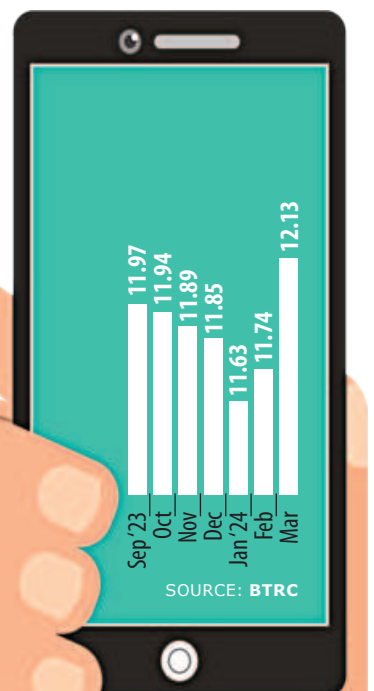
This is the highest growth since at least August 2021 as data prior to that is not available on the BTRC website.

The mobile internet subscriber count increased in the consecutive two months since February. However, the subscriber number had declined for five months straight till January amid the regulator's bar on the sale of packages with short validity periods while persistent inflationary pressure also affected their demand.

But the officials of mobile network operators said the growth has not translated into revenue growth.

"The internet consumer base has shifted to

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NCC Bank celebrates 31 years of operations

STAR BUSINESS DESK

NCC Bank celebrated its 31 years of operations at the bank's head office in Dhaka on Friday.

Md Abul Bashar, chairman of the bank, inaugurated the 31st anniversary programme, said a press release. NCC Bank started its journey on May 17, 1993.

"During the 31 year-long journey, the bank played a remarkable role towards the economic development through financing in different sectors such as large and medium scale industrial units, including RMG, pharmaceuticals, power and infrastructure," Bashar said.

"By establishing accountability, transparency and good governance, the bank has already become one of the leading banks in the country. The bank has been moving forward with the support and trust of its customers," he said, adding that the progress will continue in the future as well.

The bank launched an internet banking app called "NCC Always" and a

customer self-service portal on the day of celebration of the bank's founding anniversary. M Shamsul Arefin, managing director and CEO of the bank, said the bank has been able to build a strong and sustainable financial health within the span of 31 years of its journey.

He hopes the bank will continue its endeavour in creating highest value to its different stakeholders in the coming days.

Sobela Hossain, vice chairman of the bank, Md Abdul Awal and Abdus Salam, directors and ex-chairmen, Md Nurun Newaz, chairman of the risk management committee, Amjadul Ferdous Chowdhury, Tanzina Ali, Khairul Alam Chaklader and Mohammed Sazzad Un Newaz, directors, SM Abu Mohsin, chairman of the executive committee, Md Obayed Ullah Al Masud, independent director and chairman of the audit committee, and Meer Sajed-Ul-Basher, independent director, were present.

Among others, Md Mahub Alam, Rafat Ullah Khan and Md Zakir Anam,



Md Abul Bashar, chairman of NCC Bank, cuts a cake to celebrate the bank's 31 years of operations at its head office in Dhaka recently.

PHOTO: NCC BANK

deputy managing directors of the bank, Md Monirul Alam, senior executive vice-president and company secretary, Mohammed Mizanur Rahman, senior executive vice-president and CFO, Mohammed Anisur Rahman, senior executive vice-president and CIO,

Mohammad Ridwanul Hoque, executive vice-president and head of retail and SME business, Syed Hasnain Mamun, head of human resources division, and Zobia Mahmood Fahim, head of cards and digital payment division, were also present.



Md Faruq, principal of Banshkhali Degree College, and M Khorshed Anowar, deputy managing director and head of retail and SME of Eastern Bank, cut a ribbon to inaugurate a sub-branch at Banshkhali in Chattogram recently.

PHOTO: EASTERN BANK

Eastern Bank opens sub-branch in Chattogram

STAR BUSINESS DESK

Eastern Bank recently opened its 36th sub-branch at Banshkhali in Chattogram.

Md Faruq, principal of Banshkhali Degree College, and M Khorshed Anowar, deputy managing director and head of retail and SME of the bank, inaugurated the sub-branch, said a press release.

Mesbah Uddin Ahmed, branch area head for Chattogram, Sanjay Das, head of corporate business, Shuvra

Kanti Saha, head of operations for Chattogram, and Md Rezaul Karim Sharii, operation area head for Chattogram, were present.

Among others, ANM Shahadat Alam Chowdhury, chairman of Kalipur Union Parishad in Chattogram, and Mohiuddin Chowdhury Khokha, ex-chairman of Shadhanpur Union Parishad, along with other officials of the bank and local dignitaries were also present.

IFIC Bank launches campaign on women's technological advancement

STAR BUSINESS DESK

IFIC Bank recently launched a campaign, styled "IFIC Bank Stands Beside Women in Technological Advancement", at the Chittagong Government Girls High School in the port city, celebrating "World Telecommunication and Information Society Day".

The initiative aims to enhance the creativity and talents of female students from different regions of the nation by providing them with more intimate exposure to technology so they can thrive in the age of digital transformation.

Md Rafiqul Islam, deputy managing director of the bank, inaugurated the

campaign, the bank said in a press release.

"We believe in building a prosperous society through increased female participation and technological expertise," said Islam.

"This initiative is a stepping stone towards empowering women and propelling them further in the technological field," he added.

Among others, Nazimul Haque, chief manager of Agrabad branch of the bank, Fariha Haider, head of centralised retail marketing department, and Moriam Begum, acting headmistress of Chittagong Government Girls' High School, were also present.



Md Rafiqul Islam, deputy managing director of IFIC Bank, poses for photographs with participating students of a campaign, titled "IFIC Bank Stands Beside Women in Technological Advancement", at the Chittagong Government Girls High School in the port city recently.

PHOTO: IFIC BANK



Md Ahsan-uz Zaman, managing director and CEO of Midland Bank, and Syed Sehab Ullah Al-Manjur, managing director and CEO of Pragati Insurance, pose for photographs after signing a bancassurance agreement at the bank's head office in Dhaka recently.

PHOTO: MIDLAND BANK

Midland Bank strikes deal to offer Pragati's insurance products

STAR BUSINESS DESK

Midland Bank recently signed a bancassurance agreement with Pragati Insurance, a non-life insurance company.

Md Ahsan-uz Zaman, managing director and CEO of the bank, and Syed Sehab Ullah Al-Manjur, managing director and CEO of the non-life insurer, penned the deal, the bank said in a press release.

Under this agreement, the bank's extensive network of services outlets will now offer a wide range of the insurer's products.

This enhanced product portfolio caters to the diverse needs of the bank's growing

customer base, allowing them to secure their financial wellbeing and protect their assets.

Md Rashed Akter, chief bancassurance officer of the bank, Khondoker Imran Hossain, bancassurance manager, Md Rezaul Karim, adviser, Maj (ret'd) Sadat Md Musa, assistant managing director and head of admin and human resources division, were present.

Among others, Md Mamunul Hassan, assistant managing director and head of BCD, and Md Manjur Hussain, executive vice-president and head of bancassurance, and other high officials of the insurer were also present.

Southeast Bank provides financial aid to farmers thru Ghashful

STAR BUSINESS DESK

Southeast Bank recently provided financial assistance to grassroots level farmers across the country from its special corporate social responsibility (CSR) fund to help their cultivation and facilitate purchases of agri-machinery.

The financial assistance was channelled to farmers through Ghashful, a local non-government development organisation, the bank said in a press release.

Md Masum Uddin Khan and Abidur Rahman Chowdhury, deputy managing directors of the bank, handed over a cheque of the financial assistance for farmers to Aftabur Rahman Jafree, chief executive officer of the non-government development organisation, at the former's head office in Dhaka.



Md Masum Uddin Khan and Abidur Rahman Chowdhury, deputy managing directors of Southeast Bank, hand over a cheque of financial assistance for farmers to Aftabur Rahman Jafree, chief executive officer of Ghashful, at the former's head office in Dhaka recently.

PHOTO: SOUTHEAST BANK

Edison, GPH Ispat sign deal on using materials

STAR BUSINESS DESK

Edison Real Estate recently signed a strategic partnership agreement with GPH Ispat at the realtor's headquarters in the capital's Tejgaon, enabling the former to use materials designed to optimise performance.

Aminur Rashid, chairman and CEO of the realtor, and Mohammed Jahangir Alam, managing director of GPH Ispat, an integrated steel manufacturing company, inked the deal, the realtor said in a press release.

This partnership agreement ensures the usage of materials designed to optimise performance while minimising the environmental impact.

These materials incorporate innovative technologies and sustainable practices, ensuring that the projects are not only built to last but also contribute to a greener future.



Aminur Rashid, chairman and CEO of Edison Real Estate, and Mohammed Jahangir Alam, managing director of GPH Ispat, pose for photographs after signing an agreement at the realtor's headquarters in the capital's Tejgaon recently.

PHOTO: EDISON REAL ESTATE

Trust Bank opens relocated Kalabagan branch

STAR BUSINESS DESK

Trust Bank recently opened its relocated and renamed Kalabagan branch at Green Landmark on Mirpur Road in the capital's Kalabagan.

Maj Gen Md Jubayer Salehin, adjutant general of the Bangladesh Army and vice-chairman of the bank, inaugurated the branch, the bank said in a press release. High officials of the bank and invited dignitaries, among others, were present.



Maj Gen Md Jubayer Salehin, adjutant general of the Bangladesh Army and vice-chairman of Trust Bank, cuts a cake to inaugurate a relocated and renamed Kalabagan branch of the bank at Green Landmark on Mirpur Road in the capital's Kalabagan recently.

PHOTO: TRUST BANK

SS Steel sees profit shrivel

FROM PAGE B1

following years to FY22. It announced a 2 percent cash dividend for the last financial year.

In 2020, the listed steelmaker bought Saleh Steel Industries for Tk 25 crore and invested another Tk 134 crore to ensure the company's smooth operation.

SS Steel acquired Al Falah Steel in 2022 and has so far invested around Tk 184.14 crore in the company. A year later, the company took over the fixed assets of both Super Steel Ltd and Peninsula Steel Mills by investing around Tk 130 crore as a part of its business expansion.

The fund was given from the company's retained earnings and by taking bank loans, as per its disclosures on the Dhaka Stock Exchange (DSE).

As a result, the company's debt to equity ratio increased.

In FY19, the debt to equity was 0.48 while it rose to 1.24 in FY22, according to the annual reports of SS Steel.

The ratio indicates how much debt a company is using to finance its assets relative to the value of its shareholders' equity. A high debt to equity ratio generally means the company is aggressive in financing its growth with loans.

The manufacturer's finance costs are also rising.

The net finance cost was Tk 26 crore in FY20 while it soared to Tk 121 crore in FY23. In the first nine months of the current fiscal year, the net finance cost was over Tk 100 crore.

Last month, SS Steel got approval from the BSEC to issue bonds worth

Tk 500 crore in order to repay bank loans, and expand and modernise the existing projects. But higher costs ultimately hit the bottom line.

Before acquiring these companies, SS Steel posted a profit of Tk 43 crore in FY20. It rose to Tk 70 crore the following year but started falling after that.

SS Steel saw profits of Tk 61 crore and Tk 1.76 crore in FY22 and FY23, respectively.

In its financial reports, the company blamed higher raw material and utility costs alongside the depreciation of the local currency for its reduced profit in FY23.

On April 28, The Daily Star sent an email to the company secretary of SS Steel seeking comments about its performance. However, he did not respond as of yesterday.

Putin in trade push on final day of China trip

AFP, Beijing

Russian leader Vladimir Putin was in the northeastern city of Harbin on Friday, the final day of a visit aiming to promote crucial trade with China and win greater support for his war effort in Ukraine.

Putin arrived Thursday on his first trip abroad since his March re-election, meeting President Xi Jinping for talks in which the leaders framed their nations' ties as a stabilising force in a chaotic world.

China and Russia's strategic partnership has only grown closer since the invasion of Ukraine, but Beijing has rebuffed Western claims that it is aiding Moscow's war effort.

China has also offered a critical lifeline to Russia's isolated economy, with trade booming since the invasion and hitting \$240 billion in 2023, according to Chinese customs figures.

Putin's trip to Harbin is part of efforts to enhance that economic relationship. The city, near the border with Russia, has long served as a key hub for cross-border trade and cultural exchange.

Speaking at the opening ceremony of a Russia-China trade expo on Friday, Putin hailed energy ties between the two countries and promised to "strengthen" them.

"Russia is ready and able to continuously power the Chinese economy, businesses, cities and towns with affordable and environmentally clean energy," he said.

"As the world is on the threshold of the next technological revolution, we are determined to consistently deepen bilateral cooperation in the field of high technologies and innovations."

Moscow's state news agency TASS said Putin was accompanied by Han Zheng, China's vice president.

Putin said Friday that Moscow's partnership with China was not targeted against anyone.

| PRICES OF KEY ESSENTIALS IN DHAKA CITY | | | |
|--|----------------------|----------------------------|--------------------------|
| | PRICE (MAY 18, 2024) | % CHANGES FROM A MONTH AGO | % CHANGE FROM A YEAR AGO |
| Fine rice (kg) | Tk 60-Tk 76 | -3.55 ↓ | .74 ↑ |
| Coarse rice (kg) | Tk 50-Tk 54 | 1.96 ↑ | 8.33 ↑ |
| Loose flour (kg) | Tk 35-Tk 45 | -15.79 ↓ | -30.43 ↓ |
| Lentil (kg) | Tk 105-Tk 110 | 0 | 13.16 ↑ |
| Soybean (litre) | Tk 145-Tk 155 | -1.64 ↓ | -17.81 ↓ |
| Potato (kg) | Tk 48-Tk 55 | 8.42 ↑ | 37.33 ↑ |
| Onion (kg) | Tk 65-Tk 75 | 16.67 ↑ | -9.68 ↑ |
| Egg (4 pcs) | Tk 48-Tk 50 | 25.64 ↑ | 1.03 ↑ |

SOURCE: TCB

Oil gains 1%

REUTERS, New York

Oil prices settled about 1 percent higher on Friday, with global benchmark Brent crude recording its first weekly gain in three weeks, after economic indicators from the world's top two oil consumers - China and the US - bolstered hopes for higher demand.

Brent settled 71 cents higher, or 0.9 percent, at \$83.98 a barrel. US West Texas Intermediate crude (WTI) gained 83 cents, or 1.1 percent, to \$80.06. For the week, Brent gained about 1 percent, while WTI rose 2 percent.

China's industrial output rose 6.7 percent year-on-year in April as a recovery in its manufacturing sector gathered pace, pointing to possibly stronger demand to come. China also announced major steps to stabilise its crisis-hit property sector.



Mangoes have started arriving in the capital from growing regions around the country. Harvests usually run from mid-April to mid-June. Some 1,207,446 tonnes were produced around the country in fiscal year 2021-2022, according to the Bangladesh Bureau of Statistics. The photo was taken at Karwan Bazar yesterday.

PHOTO: ANISUR RAHMAN

Apple set to release slimmer iPhone in 2025

REUTERS

Apple is developing a slimmer version of the iPhone that is likely to be launched by 2025, the Information reported on Friday, citing three people with knowledge of the project. The potential thinner version is likely to be priced higher than Apple's iPhone Pro Max, and is expected to be launched with the iPhone 17 in September 2025, the report said.

The Cupertino, California-based company is still testing different designs for the device, code-named D23, that could have Apple's latest-generation processor, likely called A19, the report added.

Apple did not immediately respond to a Reuters request for comment.

The expected revamp underscores Apple's need to spruce up the iPhone, the company's most popular product, as it grapples with tough competition from Honor and Huawei in China and Samsung Electronics globally.

Samsung had the largest share of the smartphone market in the first three months of 2024 with 20.8 percent, followed by Apple's 17.3 percent market share, according to research firm International Data Corporation.

For the fiscal second quarter, Apple's iPhone sales fell 10.5 percent to \$45.96 billion. Apple also plans to drop its less expensive model iPhone Plus and intends to launch a cheaper iPhone, a successor to its iPhone SE in the spring of 2025, the report said.

The news come days after Apple unveiled its latest iPad Pro with a new chip for artificial intelligence computing as it rushes to catch up with its Big Tech rivals in a race to dominate the emerging technology.

US industrial output weaker than expected

AFP, Washington

US factory output was flat in April, missing analyst expectations of a third straight monthly increase, according to Federal Reserve data released Thursday.

Industrial production was steady last month, cooling from a revised 0.1 percent uptick in March, the Fed said in a report.

Analysts have been looking towards a gradual recovery in the manufacturing sector, but the latest report did not provide such reassurances.

Manufacturing output dropped 0.3 percent from the month prior, reversing two earlier months of growth, the Fed said. In particular, the sector was bogged down by noticeable declines in the indexes for motor vehicles and parts and electrical equipment and appliances.

Developing effective ESG compliance strategy a must

Analysts say while discussing strategies at DCCI event

STAR BUSINESS REPORT

Developing effective environmental, social and corporate governance (ESG) compliance strategies in alignment with the global value chain is a must now, Dhaka Chamber of Commerce and Industry (DCCI) President Ashraf Ahmed said yesterday.

It is also important to take into account the importance of ESG compliance and integrating ESG considerations into the decision-making processes and organisation culture, he said.

He also underscored the need for educating the stakeholders, including employees, management, investors, regulators and the mass public, about the importance of ESG compliance and its reporting.

He made the comments at a discussion, titled "Navigating the challenges and opportunities of ESG compliance in

Bangladesh", organised by the Dhaka Chamber at its office in the capital.

As Bangladesh is being more connected to the world and the country's international trade is also increasing by the day, ESG compliance is becoming mandatory for businesses, Ahmed said.

Investors consider ESG factors when assessing a business's potential since it is a sign of resilience and long-term financial health, he said.

"It is worth mentioning that the trend of ESG reporting is going upward in Bangladesh. Organisations in different industries have started reporting on their ESG performance, and the government bodies have also taken initiatives to promote and encourage ESG reporting."

Compliance is mandatory in every sector and compliance always increases the credibility of business, said Md Munim Hassan, director general of the Department of Patent, Design and

Trademarks under the industries ministry. "For environmental or social compliance, we individually should take responsibility on our shoulder. We should not look into what others do."

It is important to educate the stakeholders about the importance of environmental, social and corporate governance compliance and its reporting

During 2016 to 2022, some 17 products of Bangladesh got geographical indication (GI) whereas since 2023 till date, already 14 products have got the certification and 30 more are waiting to receive it, he said.

Md Anwarul Alam, director general (additional secretary) of Bangladesh Accreditation Board (BAB), said the accreditation board is directly linked with ESG.

The BAB works for ensuring quality of goods and services and its certification is accepted worldwide, he said. He also urged all to be compliant and suggested the lab owners to get accredited from BAB.

The ESG is also interlinked with the vision of Smart Bangladesh, Alam said.

The event's keynote speaker, Zaku Uz Zaman, country representative of the United Nations Industrial Development Organisation Bangladesh, said the term ESG came into use in the early 2000s, but its foundations were laid in the 1990s.

M Niaz Asadullah, visiting professor of economics at the University of Reading in the UK; Mohammad Bin Quasem, director of Echotex Ltd; Yeasmin Akther, business manager for knowledge, health and nutrition at SGS Bangladesh Limited, and M Abu Horairah, former vice president of the DCCI, attended the event along with former DCCI directors Enamul Haque Patwary and Rashid Shah Shamrat.

Govt brings down ADP

FROM PAGE B1

Around Tk 1.65 lakh crore is coming from the government's own pockets, down from Tk 1.69 lakh crore provided in the ADP of the ongoing fiscal year.

Meanwhile, the allocation of foreign funds has increased by 6.38 percent or Tk 6,000 crore to a record Tk 100,000 crore at a time when the country is under pressure due to the bleeding of reserves.

According to Fahmida, the education and health sectors had to bear the allocation cuts.

To make do, the government is taking a huge amount of loans from the banking system against the backdrop of insufficient revenue mobilisation by the National Board of Revenue,

she said.

That is why the government will depend of foreign aid for the development budget and probably try to also mobilise foreign funds for budgetary support as it is easy to utilise for any purpose, she said.

Though it is a necessary move, it remains to be seen whether the foreign funds can finally be mobilised for the ADP, said Fahmida.

Historically, foreign funds have not been implemented in a timely manner due to a lack of capacity of the ministries, she added.

Fahmida cited the example of the health ministry, saying that it could not fulfil its commitment and implement its allocation amounting to less than 1 percent of the GDP.

According to the monthly ADP implementation report of the Implementation Monitoring and Evaluation Division, the government managed to implement only 52.77 percent of the Tk 83,500 crore allocated from foreign aid during the July-March period of the current fiscal year.

The government could implement 90.40 percent in fiscal 2022-23, 92.66 percent in fiscal 2021-22, and 83.36 percent in fiscal 2020-21.

A lack of capacity and low interest in implementing the foreign aid due to strict monitoring by development partners were the main reasons for the low implementation, Fahmida said.

5 bank MDs to seek dollar

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They are also able to transfer funds internationally without any restriction along with profit.

"We are going to New York on May 24 to campaign on offshore banking and expecting 300 to 400 people at the event," said Mashrur Arefin, MD of City Bank.

He will be joined by Selim RF Hussain, MD of BRAC Bank, Abul Kashem Md Shirin, MD of Dutch-Bangla Bank, Sohail RK Hussain, MD of Bank Asia, and Md Murshedul Kabir, MD of Agrani Bank.

Bangladesh Ambassador to the US Muhammad Imran will be present as chief guest.

Muhammad Abdul Muhith, permanent representative of Bangladesh to the UN, Kazi Sayedur Rahman, deputy governor of Bangladesh Bank, and Md Naimul Huda, consul general of Bangladesh in New York, will be present as special guests.

Offshore banking is increasingly becoming a key window for banks in Bangladesh to facilitate investments and international trade

by attracting deposits in foreign currencies.

It can even play a crucial role in mitigating the persisting foreign currency crisis in the country by extending liquidity support and stabilising the local currency.

The individuals and entities residing outside the country can avail the service in five currencies: the US dollar, the British pound, the euro, the yen, and the yuan.

Currently, about 40 banks have offshore units. At the end of September, their total outstanding loans stood at Tk 83,826 crore.

Internet subscriber

FROM PAGE B1

lower pricing tiers, and data revenue in the industry has continued to decline in recent months," said Shahed Alam, the chief corporate and regulatory officer of Robi.

Most new internet users are secondary SIM subscribers who try different operators to find the cheaper data services,

he added. On a year-on-year basis, the number of internet subscribers increased by 6.81 percent in March.

Meanwhile, the broadband internet subscriber base increased by around 7 lakh month-on-month in March to 1.23 crore.

Broadband subscribers account for 9.98 percent of the country's total internet

subscriber base. The rest avail mobile internet.

The BTRC provides broadband internet subscriber information on a quarterly basis. It calculates broadband subscriber information through market analysis, consultation and data collection from almost all internet service providers.

Why are investors leaving

FROM PAGE B1

In March, Germany's benchmark blue-chip stock index topped 18,000 points for the first time despite struggles for the overall German economy.

Despite external headwinds, both the Nifty 50 and the BSE Sensex of India recorded hefty gains, making 2023 their second-best year since 2017.

Even, crisis-hit Pakistan's benchmark index traded at a record high of 71,474 points, after earlier breaching the key 71,000 level on Monday. The market has surged 74 percent over the past year, reports the Economic Times of India.

Mid Saifuddin, a senior vice-president of the DSE Brokers Association, said good companies usually don't harm their investors.

"Although most of the well-performing stocks have dropped significantly, they may give a higher return in the future. Therefore, investors should hold patience."

Also the managing director and CEO of IDLC Securities, Saifuddin said the interest rate in the banking sector is rising while the high exchange rate has gone up.

"These rates have impacts on the stock market - when both rates climb, the market falls."

On May 8, the Bangladesh Bank scrapped the SMART formula to make interest rates fully market-based, less than a year after the Six-month Moving Average Rate of Treasury bills (SMART) was introduced and the 9 percent lending rate cap lifted.

Even before the formula was abolished, the

maximum lending rate was 13.55 percent, much higher than the ceiling that existed for more than three years. The interest rate of treasury bills has jumped to a record high of 12 percent.

Since investors can receive higher returns, they are increasingly parking funds in banks. Even treasury investments are producing sizzling returns.

The stock market needs some components to attract people, but they are almost absent in the market, said Saifuddin.

"For example, the market should have a large number of investible stocks. But, stocks such as Gramophone that have the capacity to pull investors have not made debut on the Dhaka Stock Exchange in the last one decade."

The listed companies should have corporate governance and trustworthiness. However, the reality in Bangladesh is their credibility is questionable, according to the senior official.

Sarwar Alam, who has been trading stocks on the DSE since the 1980s, said he has always invested in stocks of fundamentally sound companies and saw many ups and downs in the last four decades.

He left the market before the market crash in 2011, so he did not incur losses. However, he has not been that lucky during the current bearish run: his portfolio has lost value of around 40 percent in the last two years.

"This is disappointing," said Alam, who has reduced investments to a large extent as the market does not show any signs of improvement.

Official notice from the Government of Bangladesh regarding the 2024-25 financial year. The notice includes details about the budget, interest rates, and other financial matters. It is signed by the Minister of Finance, Md. Saifuddin. The notice is dated 18/05/2024.

Eastern Insurance fined Tk 5 lakh

SUKANTA HALDER

The Insurance Development and Regulatory Authority (IDRA) has fined Eastern Insurance Company Tk 5 lakh for not having the minimum investment required in government securities as per the Insurance Act 2010.

The company has Tk 12.50 crore invested in government securities but it should have had Tk 17.70 crore as per Non-Life Insurer's Asset Investment and Preservation Regulations 2019, reads an IDRA document.

The fine was imposed in March this year.

In response, the company's acting chief executive officer, Md Iqbal Mahmud, sent a letter to the IDRA on April 9 assuring to meet the shortfall by May and requesting IDRA Chairman Mohammad Jainul Bari to waive the fine.



In Bangladesh, mobile internet adoption rates are 40 percent for men and only 24 percent for women, according to Mobile Gender Gap Report 2024 by the GSMA. The photo was taken from Khulna city recently.

PHOTO: HABIBUR RAHMAN

What brought us here may not take us there

MAMUN RASHID

Thanks to HSBC Bangladesh, I was privy to a presentation on Asia economic outlook with a special focus on Bangladesh. I must say the Asia chief economist very eloquently pointed out Bangladesh's core competencies in per capita GDP rise and cheap labour vis-à-vis similar emerging and Asia economies.

However, I would politely draw his attention towards the Bangladeshi taka losing more than 30 percent value against the US dollar in recent times and its possible resultant effect on our per capita GDP in USD terms.

I also firmly believe the cheap cost of labour may not help large off-takers to be glued on to Bangladesh for a longer time unless per capita efficiency gradually gets to the centre of the table. Cheap labour in a high inflation-inflicted country may invite a lot of controversies as it goes against the ethos of equality and sustainability of growth.

Issues such as per capita productivity and return per employee are taking lead roles even in redefining national competitiveness.

Then what really helped Bangladesh to come to a level where it stands today? Of course, our liberation war made us an independent country. Several factors that have contributed to our economic growth include the rise of Bangladeshi private entrepreneurship, women entrepreneurs in rural areas, conducive domestic and global policy regimes, and integration of the economy with major global markets, and the competitiveness in the global apparel supply chain.

Other factors are more migration of blue-collar workers to the Gulf, Far East and Europe, increased inward remittances through them, a forward-looking bureaucracy with so many North America-educated freedom fighter civil servants delineating the policy regime of the independent country and subsequently helping it to take more market-friendly direction.

Various incentives and subsidies provided to the local entrepreneurs, higher entry of women to the workforce, reaping the LDC-linked trade benefits and to some extent, the demographic dividend, contributed to the steady economic expansion.

Government and NGOs have also worked successfully in lifting millions out of poverty, creating synergy at the 'bottom of the pyramid' by extending micro-credit and building up rural health and education infrastructure. Success through poverty reduction and per capita income increase have also helped growth.

Why may things be different going forward? Bangladesh is going to be graduating to a developing country by 2026. It aspires to be a higher middle-income country by 2031 and a developed country by 2041.

With LDC graduation, the country will lose many preferential benefits from the developed world and multilateral agencies. In the meantime, geopolitics has changed, and more and more emerging nations are competing to grab a bigger pie of global trade and have greater access to capital.

We would all agree that with learning from the North American meltdown, the Middle Eastern crisis, and difficulties in the Far East, the rules of the game are changing fast. This change is also being driven by the change in the technological world. Our poor-quality education and multi-streams of educational systems (Bangla, English and madrasa mediums) are not helping us reap the benefit of 'one nation'.

Above and beyond comes the quality of human resources in public and private sectors, including political parties. Increasing outbound migration is further widening the talent gap.

Growing political and social intolerance, along with policy paralysis and institutional failures, is creating several road cracks towards the highway.

High inflation, volatility in the exchange rate and interest rate regime, ad hoc decisions on the overall financial management with a fragile banking sector and under-developed capital market, weak project management and failure to take strong actions against large groups, crony capitalism, corruption, random capital flight and tax evasion may rather jeopardise our future journey.

The author is an economic analyst.

Women still lag in mobile ownership, internet adoption

MAHMUDUL HASAN

Women in Bangladesh are lagging behind men in both mobile ownership and mobile internet adoption, with gender gaps of 20 percent and 40 percent respectively, representing a significant disparity in digital access, according to a global report.

In Bangladesh, 85 percent of adult males own a mobile phone, compared to 68 percent of adult females.

Meanwhile, mobile internet adoption rates are 40 percent for men and only 24 percent for women, according to Mobile Gender Gap Report 2024 by the GSMA, which represents the interests of mobile operators worldwide.

For those who are already aware of mobile internet, the top-reported barriers to adopting it are affordability (primarily of handsets) and literacy and digital skills, it said.

Millions more women than men face these barriers because they are offline. Women also tend to experience these barriers more acutely due to social norms and structural inequalities, such as lower education and income, according to the report.

The findings of the report are based on the results of an annual GSMA Consumer Survey carried out last year, which had more than 13,600 respondents from 12 low and middle-income countries.

In 10 of the 12 countries surveyed for this report, women who use the internet are more likely than men to access it exclusively on a mobile phone.

For example, in Bangladesh, 74 percent of female internet users access it exclusively via mobile, compared to 66 percent of male users.

In most survey countries, women who use mobile internet are more likely than men to report that they would like to use it more than they currently do.

This was true for more than half of female mobile internet users in Ethiopia, Kenya, Bangladesh, India and Pakistan.

According to the survey, Bangladesh has the

highest gender gap in mobile internet adoption among Asian countries at 40 percent.

In comparison, the gap is 30 percent in India, 38 percent in Pakistan, and 8 percent in Indonesia.

Although the gender gap in mobile phone ownership and internet usage in Bangladesh has slightly decreased, it remains substantial.

Gender gaps in smartphone ownership also vary across survey countries and are widest in Pakistan (49 percent), Bangladesh (43 percent) and Nigeria (38 percent).

Women in Bangladesh are also falling behind in smartphone ownership. While 40 percent of men own a smartphone, only 22 percent of women have one.

Women tend to experience the barriers more acutely due to social norms and structural inequalities, such as lower education and income

Fahim Mashroor, former president of the Bangladesh Association of Software and Information Services (BASIS), said most women in the country still rely on men for financial support.

"Typically, if there is a smartphone or laptop in the house, it is mainly controlled by male members. Additionally, parents sometimes restrict girls from using devices or the internet due to social reasons in the still very male-dominated society," he added.

Against this backdrop, he said widespread adoption of the internet by women will remain difficult unless their financial independence is ensured.

Still, women in Bangladesh have seen the strongest growth in mobile internet awareness since 2022, from 64 percent to 74 percent.

For the first time since the GSMA started tracking it, women's awareness in Bangladesh is close to that of men (76 percent), highlighting the progress that has been made.

The report said once women start to use mobile internet, they tend to use it less frequently than men and for a narrower range of services.

At the same time, in most of the survey countries, female mobile internet users are more likely than men to report that they would like to use mobile internet more than they currently do.

This was especially the case for more than half of female mobile internet users in Kenya, India, Pakistan, Bangladesh and Ethiopia.

Affordability is another top barrier to further mobile internet use for both male and female mobile internet users in survey countries.

In most countries, affordability of data is more of a barrier than the affordability of handsets.

Data costs are a particular issue for mobile internet users in Kenya, Nigeria, Uganda and Bangladesh, where it is the top individual barrier to further use for both men and women.

For example, in Bangladesh, 24 percent of women and 15 percent of men who use mobile internet reported data costs as their top barrier to further use.

Overall, women's rate of mobile internet adoption increased over the past year.

There are now more women using mobile internet in low and middle-income countries than ever before: 66 percent.

By comparison, 78 percent of men now use mobile internet, but their rate of adoption slowed in 2023.

The gender gap in mobile internet adoption across low and middle-income countries has narrowed for the first time since 2020 due to women adopting it at a faster rate than men.

This reduction was driven primarily by South Asia and brings the overall mobile internet gender gap back to where it was in 2020.

This gender gap also narrowed slightly in Sub-Saharan Africa for the first time in five years, the report said.



The fine was imposed for not having the minimum investment required in government securities as per law

When contacted by The Daily Star yesterday, Mahmud did not comment on the reason behind the shortfall.

However, he informed that they were yet to receive a response in writing from the IDRA.

In turn, an IDRA official, on condition of anonymity, said the regulatory body had retained the fine on holding a hearing.

Eastern Insurance Company is one of the pioneers in general insurance business operating in the private sector of Bangladesh. The company website said it started operations in 1986.

Listed with Dhaka Stock Exchange and Chittagong Stock Exchange in 1994 and 1996 respectively, the company has an authorised capital of Tk 100 crore and paid-up capital of Tk 43.11 crore.

There are currently 36 life insurance and 46 non-life insurance companies in Bangladesh.

Indian spice exports may drop 40% for pesticide scrutiny

Trade group says

REUTERS, Ahmedabad

An Indian spice trade group said on Friday that spice exports could drop by 40 percent after two major brands were hit with contamination allegations over the use of a pesticide the group considers safe but others say causes cancer in the event of long-term exposure.

India is the world's biggest exporter, consumer and producer of spices, and its spice exports came to \$4 billion in the year from April 2022 to March 2023.

But the Federation of Indian Spice Stakeholders (FISS) said the industry has already seen buyers put some export orders on hold amid international scrutiny of two popular Indian brands - MDH and Everest. The exports regulator, the Spices Board, did not respond to a request for comment.

Hong Kong last month suspended sales of three MDH spice blends and one from Everest citing high levels of the pesticide ethylene oxide, or ETO - a cancer risk in the event of long exposure. The two companies both say their products, hugely popular in India and exported globally, are safe for consumption.

"If other countries also start taking a similar stand, our spices exports could fall by 40 percent," said Tejus Gandhi, the secretary of FISS, which represents 600 spice makers and exporters around the country.

Already, Britain's food regulator has applied extra checks for all spice imports from India and the US, New Zealand and Australia are looking into the matter. "Many countries are questioning... Lot of spices exporters have orders. They have been halted," Gandhi said at a press briefing in Ahmedabad city in western India.

Higher US food prices lead to a shift in shopping habits

AFF, Falls Church

"I don't really shop for groceries as often as I used to," said Jasmine Reed, 32, outside a store in northern Virginia, as she explained the impact of higher food prices on her shopping habits.

Consumer inflation data published Thursday showed that food prices rose by 2.2 percent in the 12 months to April - masking some sharp differences between items.

Eggs have plummeted by nine percent, according to the Department of Labor data, while the cost of butter jumped by 3.5 percent. Milk prices have also fallen by more than one percent and the cost of bread has ticked higher.

Inflation and the cost of essential items like food and gas will likely play an important role in November's presidential rematch between Joe Biden and his Republican rival Donald Trump, as both candidates have looked to talk up their economic records in office.

Outside a grocery store in Falls Church, Virginia, on Friday, shoppers told AFP they had noticed an increase

in the cost of everyday items in recent years - causing some to change their buying habits. "If the groceries were cheaper, then I would definitely cook

more," said Reed, who says she now eats out at restaurants much more.

"For me it's the same, so I'd rather not waste time cooking," added Reed, who



People shop in the food section of a retail store in Rosemead, California. US consumer inflation data published Thursday showed that food prices rose by 2.2 percent in the 12 months to April.

PHOTO: AFP/FILE

works as a teacher in nearby Fairfax.

"I keep hearing some things are coming down but I haven't seen it," Mary Joe, 66, told AFP.

"Things have been expensive in general for a while now," said Gavi, a professional DJ and former US Marine Corps employee, who declined to give his last name.

Gavi, who is vegan, says he has seen his weekly shop double, from around \$100 a week to \$200.

"I don't really look at whether it's the bread, the sugar or the milk," he added. "I just see that it's all very inflated."

For former mechanic James Russell, also 66, higher fruit and vegetable prices have changed what he buys, and when.

"I just see the prices keep increasing by 25 cents and 50 cents, and nothing's really easy anymore on your pocket," added Russell, who lives nearby.

"I just go in there and just check the prices and get what I can get," he said.

"Before I wouldn't think about what I was putting in the cart," added Mary Joe, who also lives in the area. "And now it's like, do I really want this?"