

"We have become better at managing the SME business, finding solutions, and understanding and lowering the risks," said Selim RF Hussain, MD and CEO of BRAC Bank

Interview on B4



Refrigerator sales decline despite Eid

JAGARAN CHAKMA

Sales of refrigerators and chest freezers declined by 13 percent ahead of Eid-ul-Azha as consumers contended with persistent inflationary pressures as well as an increase in the prices of the home appliances, according to industry players.

Data from the Bangladesh Bureau of Statistics showed that non-food inflation remained above 9 percent since January this year and stood at 9.19 percent in May. It averaged 9.39 percent in the last financial year.

This has impacted the refrigerator market in the run-up to Eid-ul-Azha since customers have had to tighten their belts.

Usually, the demand for the home appliances goes up by up to 60 percent ahead of the festival as people purchase them to preserve the meat collected from sacrificial animals.

However, this time around, retailers and manufacturers say overall sales of the two products declined by around 13 percent compared to last year.

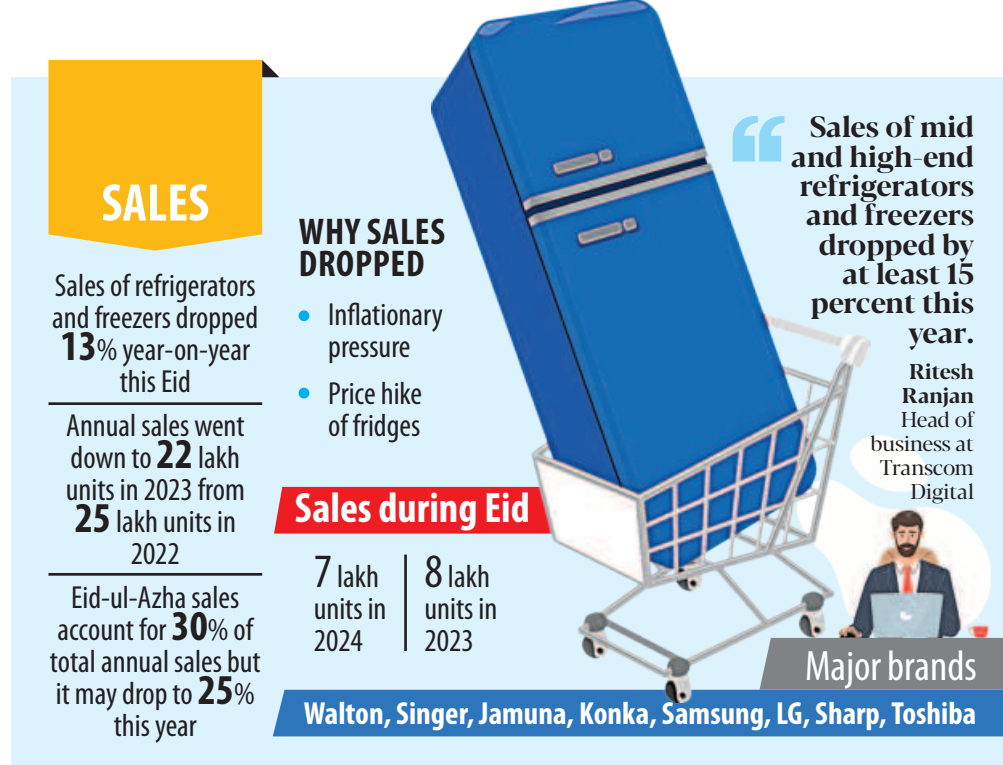
Eid-ul-Azha has accounted for around 30 percent of the total annual sales of refrigerators and chest freezers in recent years. But this year, the occasion may only account for a quarter of sales if the situation does not improve.

According to market insiders, at best 7 lakh refrigerators and chest freezers were sold ahead of Eid this year. It usually stays above 8 lakh units in normal times.

"We could sell around 30 refrigerators ahead of Eid this year while we sold over 50 units during the same time last year," said Sabbir Al Mamun, owner of Biswas Electronics at Kalamia Market in the Kotchandpur upazila of Jhenaidah.

Mamun, who retails Walton-branded electronic products, including refrigerators, freezers, televisions and air conditioners, said he had not seen such a dull market ahead of Eid in the past five to six years.

Md Shohidul Islam Reza, product manager for refrigerator at Walton Hi-Tech Industries PLC, said the company had posted strong growth in sales due to its newer models of



fridges and freezers offering various features at affordable prices.

"Overall sales of Walton refrigerators witnessed 8 to 10 percent growth compared to the previous year. However, sales were hampered in some districts due to natural disasters and calamities."

Ritesh Ranjan, head of business at Transcom Digital, said the sales of mid and high-end refrigerators and freezers went down by at least 15 percent this year as the prices have gone up owing to the depreciation of the local currency and the impacts of high inflation.

According to Ranjan, the demand for refrigerators that cost more than Tk 50,000 and chest freezers with a capacity of over 300 litres is low, which makes it clear that demand for mid and high-end products is low.

He added that people had spent money to purchase air conditioners during heatwaves in recent months and also to celebrate Eid-ul-Fitr in April. Since their disposable incomes have fallen, it has caused the sales of refrigerators and freezers to decline substantially, he said.

However, he added that sales of low-end refrigerators and freezers were faring slightly better.

Transcom Digital sold 2,000 units ahead of Eid this year, similar to last year's.

Mokbulla Huda Chowdhury, sales director of Butterfly Group, which retails LG and Butterfly-branded products, said overall sales of refrigerators and freezers had fallen by 13 percent compared to last year and around 20 percent compared to 2022.

READ MORE ON B3

WB, IMF loans to help Bangladesh rebuild reserves

WB approves \$900m, including \$500m budget support

REJAUL KARIM BYRON and AHSAN HABIB

On the back of the credits from the World Bank and the International Monetary Fund, Bangladesh may meet for the first time the condition on net foreign exchange reserves attached to the \$4.7 billion loan from the IMF and secure the next instalment.

Yesterday, the board of the WB approved budget support worth \$500 million. The fund will be disbursed by this month, said finance ministry officials.

The IMF will discuss releasing \$1.15 billion in the third tranche of its multi-year credit to Bangladesh during its board meeting tomorrow.

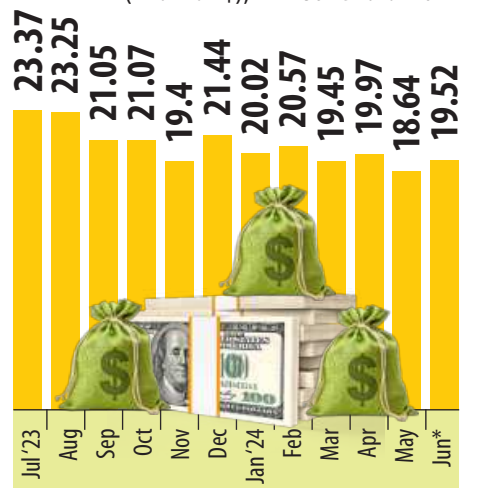
The budget support and the loan will add \$1.65 billion to the forex reserves of the South Asian nation, handing it a much-needed boost as it has been struggling to overcome the US dollar supply crunch for the past two years.

Owing to the sharp fall in the reserves level since its peak in August 2021, Bangladesh could not fulfil the target on net international reserve (NIR) as per the conditions of the IMF since the loan programme started in January last year. Still, the global lender disbursed the first two instalments and is going to do the same this week.

To secure the fourth instalment, Bangladesh would have to maintain an NIR of \$14.69 billion by June 30. Since the reserves are not picking up as expected, the IMF has revised down the goal from the \$20.11 billion set for the end of the current financial year.

NIR figures are not published regularly. Currently, the central bank releases data on the reserves as per its traditional accounting method as well as in line with the balance of payments and investment

Forex reserves in recent months
(In billion \$); * Till June 19 of 2024



SOURCE: BB

Addition from WB, IMF loans
World Bank: \$500m
IMF: \$1.15b

position manual (BPM6) of the IMF.

The NIR is defined as reserves assets minus reserve liabilities. Reserves liabilities are all foreign exchange liabilities. As per BPM6, gross forex reserves include gold, cash US dollar, bonds and treasury bills, reserve position in the IMF, and special drawing rights holdings.

Usually, the NIR is \$5 billion to \$6 billion lower than the amount reported under the manual.

In order to hit the NIR goal, Bangladesh will have to keep gross forex reserves above \$20 billion as per the BPM6. The reserves stood at \$19.53 billion on Wednesday, central bank data showed.

READ MORE ON B2

City Bank gets \$30m from OPEC Fund

STAR BUSINESS DESK

City Bank recently signed an agreement with the OPEC Fund for International Development for a loan of \$30 million to support global trade by providing financing to importers and exporters in Bangladesh, especially in the agriculture and green energy sectors.

Tareq Alnassar, vice president of the OPEC Fund for International Development, and Sheikh Mohammad Maroof, additional managing director and chief business officer of the bank, penned the deal at the fund's headquarters in Vienna, said a press release.

"By partnering with City Bank to provide trade finance to suppliers in Bangladesh, the OPEC Fund will facilitate the flow of goods at a time of supply chain disruptions, thus addressing food insecurity pressures and climate change," said Alnassar.

The loan will support global trade by providing financing to importers and exporters in Bangladesh

"The OPEC Fund will help import and export companies, especially those in the agriculture and green energy industries, to receive financing and reduce financing gaps," he said.

"We are delighted to enter this strategic partnership.

This collaboration signifies a major milestone in our commitment to support the economic growth and development of Bangladesh," said Maroof.

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NBR sets new rules for firms seeking customs privilege

REQUIREMENTS TO GET THE STATUS

Should have minimum Tk 30cr authorised capital, up from Tk 15cr

Paid-up capital should be Tk 10cr, up from Tk 5cr

Annual turnover should be Tk 10cr for 3 years in a row

70% transaction should be thru formal channels (bank or MFS)

SMEs should have experience of 20 shipments per year (in the last 3 years)

Benefits of the status

- Can use 'green channel'
- Can release goods fast
- Deferred payments
- Scanning priority

Who can apply for the status?

- Exporters, importers and SMEs
- Logistics operators (as per new rules)

KEY POINTS

- AEO was introduced in Bangladesh in 2017
- Operation started in 2019
- Now 15 companies enjoy the status

MD ASADUZ ZAMAN

The National Board of Revenue (NBR) has revised rules, including raising the capital requirements, for businesses to be listed as authorised economic operators (AEO), a status an increasing number of firms are expressing interest in.

An AEO can directly deliver cargo from ports to factories or warehouses through a green channel without having to get those through physical checks, thereby cutting time spent at port yards alongside costs and enhancing overall efficiency.

Most importantly, if a country has relevant arrangements with other countries, its AEOs can enjoy similar benefits in those countries.

A major share of the clearance time, that is around 72 percent to 78 percent, is spent on collecting and submitting import documents and thereby necessitates automation, states a 2022 NBR study on release of goods from ports.

World Customs Organization introduced the AEO system in 2007 to enhance international supply chains and facilitate faster trade.

The US, the European Union, Japan, Singapore, India and China have already introduced the AEO system. Among them, India already has 5,000 AEOs, according to NBR officials.

Bangladesh initially planned to introduce the AEO in 2013 and it became mandatory after two-thirds of

World Trade Organization members ratified a Trade Facilitation Agreement, following which the NBR finally issued an order in 2018.

In 2019, three pharmaceutical companies – Square, Beximco, and Incepta – were granted the status.

As of June 2024, 15 firms now have AEO status, according to the NBR.

The NBR's Customs Valuation and Internal Audit Commissionerate is sorting out applications from nearly 60 companies seeking the status.

The 15 include Popular Pharmaceuticals, Jihan and Shoemiverse Footwear, Fair Electronics, ACI Godrej Agrovet Private, Towa Personal Protective Device Bangladesh, Cutting Edge Industries, Omera Cylinders, MBM Garments, M/S Footsteps Bangladesh, GHP Ispat and BSRM.

According to the revised rules issued by the customs authorities in the middle of this month, firms that want to be listed as AEOs must have an authorised capital of at least Tk 30 crore and paid-up capital of Tk 10 crore.

Earlier, it was Tk 15 crore and Tk 5 crore respectively.

Moreover, they must have a minimum annual turnover of Tk 10 crore for three years in a row.

If the firm is not into manufacturing, their annual export or import must be at least Tk 10 crore for three years in a row.

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