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Star BUSINESS

TCB to sell subsidised food through smart cards from Jan

STAR BUSINESS REPORT

The Trading Corporation of Bangladesh (TCB) yesterday announced that it was preparing to start selling essential food commodities at subsidised rates among one crore families through smart cards from January next year.

"We have already written to the commerce ministry," said Md Humayun Kabir, joint director and spokesperson of the TCB, during a press briefing at the state agency's regional office in Tejgaon, Dhaka.

The agency organised the event to outline its plans for distributing the food during the month of Ramadan, which is set to being at the end of February next year.

The TCB currently sells 20,000 tonnes of lentils, two crore litres of edible oil, and 10,000 tonnes of sugar per month among low-income families at subsidies rates. It also sells rice in conjunction with the food directorate.

The state agency additionally sells chickpeas and dates during Ramadan and has already reached agreements with suppliers for this purpose.

The one crore beneficiary families are selected by district and upazila administrations, city corporation councillors, and local government representatives and then provided smart cards.

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Sukuk investors in trouble as Beximco's rosy reports fade

AHSAN HABIB

Bad news for Beximco Sukuk investors: their gain from the Shariah-compliant bond-like instrument next month is set to drop to 9 percent -- below the 12.3 percent yield from five year-tenure treasury bonds and the 10.87 percent inflation rate in October.

This is due mainly to the plummeting financial performance of Beximco Ltd, the determinant of sukuk payment streams.

Beximco's current poor performance contrasts with its financial reports in FY21 -- the year the Shariah-compliant instrument "Beximco Green Sukuk al Istisna'a" was announced to raise Tk 3,000 crore.

That year, Beximco's profits soared 1,400 percent year-on-year to Tk 660 crore. In FY22, profits rose further to Tk 1,254 crore, according to Beximco's financial reports.

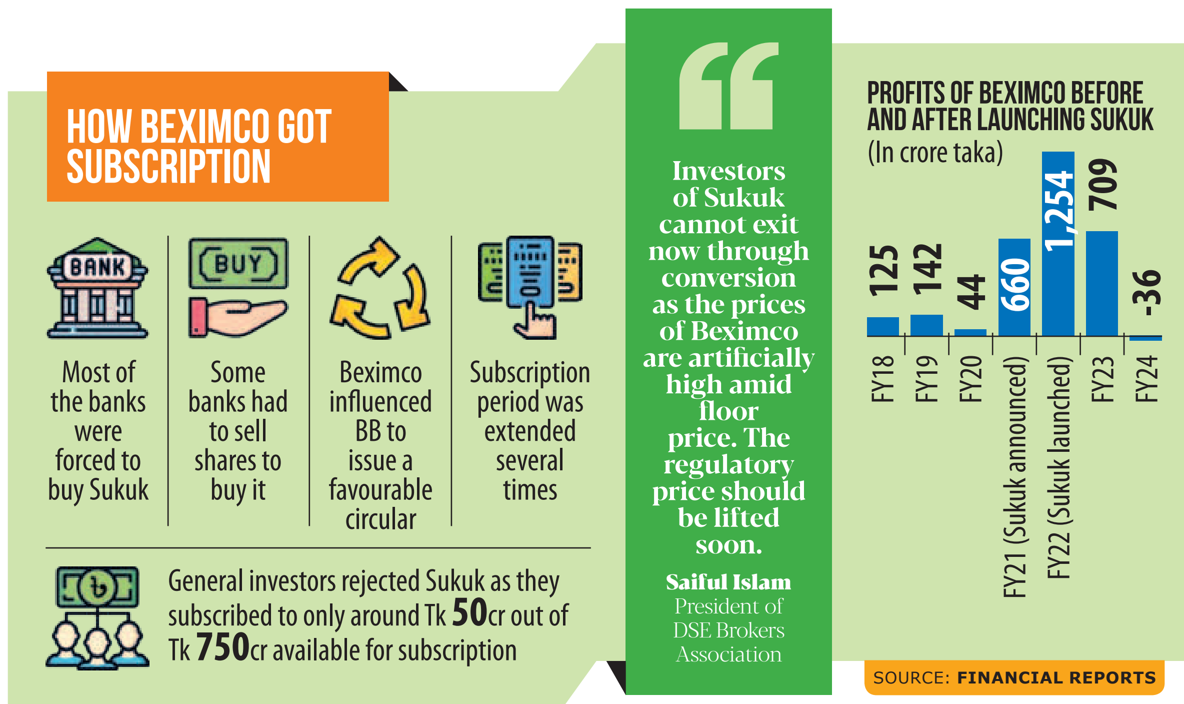
Then the fall began, with the company registering a Tk 36 crore loss in FY24.

This abrupt performance curve has left banks, other institutions, and individuals to question whether Beximco painted a rosy picture to attract investors to the country's first private sukuk.

In FY21, the conglomerate declared a 35 percent cash dividend based on its high profits. The year after, a 30 percent cash dividend was paid to Beximco shareholders.

The sukuk's coupon rate -- the interest rate paid to investors -- is linked to the company's cash dividend. Higher dividends in those three years translated into higher coupons -- which were above the yield of treasury bonds at the time.

In the first year, the sukuk coupon rate was around 12 percent whereas the treasury bond rate was languishing at 3.92 percent.



Despite this, investor interest in the Beximco Sukuk was not as strong as expected. Therefore, Beximco Ltd's Vice-Chairman Salman F Rahman extended the subscription period multiple times.

Yet, full subscription was not achieved.

Amid this, the Bangladesh Bank (BB) stepped in and issued a circular allowing banks to buy private sector-issued green sukuk from their special funds, which were formed to invest in the stock market.

The central bank allowed banks to set up a Tk 200 crore fund for stock market investments by borrowing from the BB to increase liquidity in the market.

Top officials from six banks confirmed to The Daily Star that they were pressured by Salman F Rahman, an adviser to former Prime Minister Sheikh Hasina, to invest in the sukuk.

Two officials said they had to sell other shares to maintain the exposure limit before buying the sukuk.

Minhaz Mannan Emon, a former director of the Dhaka Stock Exchange (DSE), said general investors rejected Salman's scheme. As a result, out of the Tk 750 crore available for general investors, they only subscribed to around Tk 50 crore.

"However, institutional investors were forced to invest. So many of them had to sell other shares," he added.

This ultimately impacted the market, he said.

In September 2021, the DSEX, the prime index of DSE, crossed 7,356 points for the first time, while DSE turnover crossed Tk 2,000 crore on average.

Within four months, the index began to decline, along with turnover.

Over six months, the average DSE turnover dropped to Tk 700 crore, while the index fell by more than 1,000 points.

However, Saiful Islam, president of the DSE Brokers Association (DBA) of Bangladesh, disagreed that the sukuk investment made the market illiquid as most investors were institutional.

He claimed they did not transfer funds from the stock market to the sukuk.

In early September this year, the Bangladesh Securities and Exchange Commission (BSEC) formed a

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Competitive prices lift tea exports to seven-year high

SUKANTA HALDER

Bangladesh's tea exports have hit the highest mark in the last seven years as competitive pricing provided an edge over major exporters like India and Sri Lanka.

Exporters say another big factor for the increase is Bangladeshi expatriates' preference for buying tea sourced from their homeland.

As of October 2024, Bangladesh exported 2.20 million kilogrammes (kg) of tea, the highest annual export volume since 2017, when exports touched 2.56 million kg, according to Bangladesh Tea Board (BTB) data.

This year's shipments have brought in Tk 382.52 million.

However, the country's tea exports are prone to wild fluctuations.

The BTB data shows that tea exports stood at just 0.65 million kg in 2018 before falling further to 0.60 million kg the year after.

It jumped to 2.17 million kg in 2020, but this positive trend did not persist as tea exports plummeted to 0.68 million kg again in 2021.

However, it has been on the rise since, with 0.78 million kg shipped in 2022 and 1.04 million kg in 2023.

Industry insiders attribute the rise to competitive pricing, which has seen the nation position itself as a favourable supplier.

They said Bangladesh provides tea at competitive prices while Indian and Sri Lankan brands gear their offerings to a more premium segment.

Salek Ahmed Abul Masrur, chief executive officer of the Consolidated Tea & Lands Company Bangladesh Limited (Finlay Tea), told The Daily Star that his company had exported half a million kg of tea so far this year.

"Our tea is mainly exported to Pakistan. These are basically sold in bulk. Pakistan is not a tea-producing country. Also, they export packaged tea to the United Arab Emirates," he said.

On condition of anonymity, a senior official of a major tea exporter, said they have exported about one million kg of tea to the United Arab Emirates and Kuwait so far this year.

Some of the leaves are sent to Oman from the United Arab Emirates as the company does not export it directly, he said.

The expatriates who are in the UAE and Kuwait prioritise Bangladeshi brands, which is a major factor for exports, he mentioned.

Bangladesh is currently the world's ninth-largest tea producer, accounting for around 2 percent of the world's total production, according to Bangladesh Tea Association (BTA).

China is the largest, followed by India. Sri Lanka, Kenya, South Korea and Japan are also ranked among the world's largest tea producers.

As competition from brands based in tea-producing giants is rife on the international market, Bangladeshi exporters must strive to ensure quality.

"To compete with them, customers must get good tea. Otherwise, the product cannot survive in the market," the official said.

Masrur, also the senior vice-chairman of the BTA, the only representative body of all tea estates in the Sylhet and Chattogram districts, said production was currently outpacing demand on the local market, necessitating the focus on export.

"However, tea from Bangladesh is not going anywhere except the Middle East and Pakistan at present," he said, stressing that exporters must explore the international market effectively, especially with production increasing.

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PHOTO: SHEIKH NASIR

PHOTO: COLLECTED

A production line in Pran's flour mill in Gazipur.

Pran now making flour, semolina

MD ASADUZ ZAMAN, *back from Gazipur*

Pran-RFL Group, one of the country's leading conglomerates with diversified interests, including in food processing, has started producing both whole wheat and refined flour alongside semolina.

Flour has long been a key raw material for the group, which entered into the food business in 1985 on starting off with the business of manufacturing tube-wells in 1981.

However, up until recently, the 12,000 tonnes or so of the flour that the group required for its bakery products every month used to be sourced from local millers.

To save on costs, the group undertook a project with special focus on establishing a flour mill.

And that mill materialised in Gazipur's Kaliganj upazila, having a capacity to produce 500 tonnes of whole wheat and refined flour alongside semolina per day.

Since August the group started selling 50-kilogramme bags of flour, which are available both at wholesale and from which retailers can sell smaller portions to consumers.

The conglomerate is currently developing smaller, one and two-kilogramme packaging for flour and semolina.

It has simultaneously started importing wheat from the US, Canada, Russia and Ukraine, Naser Ahmed, executive director of Pran Group, told a group of journalists who were invited on a visit to the mill.

Pran-RFL Group also plans to source wheat locally, such as from Lalmonirhat, Kurigram, Dinajpur, and Panchagarh, he said.

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Padma Bank to find ways to return Tk 874cr climate fund

STAR BUSINESS REPORT

Crisis-ridden Padma Bank will find a way to return Tk 874 crore to the Bangladesh Climate Change Trust (BCCT) after a new board of directors is formed.

The decision was taken at a meeting featuring representatives from the Bangladesh Bank, Padma Bank, BCCT and the ministries concerned at the central bank headquarters on Thursday, according to an official.

The central bank dissolved the bank's previous board after the political changeover on August 5, but it is yet to form a new one.

Padma Bank, formerly known as Farmers Bank, took Tk 536 crore from the BCCT as a fixed deposit receipt (FDR) in 2015 for a period of one year.

Upon maturity, the FDR was renewed until 2018 as Padma Bank had managed to return only Tk 74 crore in several phases. It has made no payments to the BCCT since.

Rather, in January this year, the bank converted Tk 760 crore into preference shares with an 8-year tenure at an interest rate of 6 percent.

It did not seek the consent of the BCCT

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