

# Apples rot in Kashmir orchards as lockdown puts economy in tailspin

REUTERS, Sopore, India  
It's harvest time, but the market in the northern Kashmiri town of Sopore - usually packed with people, trucks and produce at this time of year - is empty, while in orchards across India's Jammu and Kashmir state unpicked apples rot on the branch.

In one of the world's largest apple growing regions, a weeks-old lockdown imposed after Prime Minister Narendra Modi dramatically abolished the state's special constitutional status has cut transport links with buyers in India and abroad, fruit growers and traders say, plunging the industry into turmoil.

Modi sold the move as a way to spur growth by integrating the state with the rest of India. But, for now, the unrest that has come in the wake of his government's action has upended the economy, further fuelling resentment in the Muslim-majority territory where an armed revolt against India rule has ebbed and flowed over 30 years.

At dawn late last week the market in Sopore, a town known locally as "Little London" for its lush orchards, big houses and relative affluence, was deserted, its gates locked.

"Everyone is scared," a lone trader, rushing to an adjoining mosque for morning prayers, told Reuters. "No one will come."

Apples are the lifeblood of Kashmir's economy, involving 3.5 million people, around half the population of the state.

In a surprise move on Aug. 5, just as the harvest season is getting under way, the government abrogated provisions in India's constitution that gave the Jammu and Kashmir partial autonomy and stipulated only residents could buy property or hold government

jobs. Strict movement restrictions were imposed simultaneously, and mobile, telephone, and internet connections snapped.

The government said the immediate priority was to prevent an eruption of violence in Kashmir, where more than 40,000 people have been killed since 1989, and that curbs are slowly being eased, including the opening up of landline phones.

Further out, the government has promised rapid economic development and plans an investor

of India. Some say they have also been threatened into stopping work by militant groups.

In orchard after orchard surrounding Sopore, apples hung rotting on trees. "We are stuck from both sides," said Haji, a trader, sitting inside a sprawling two-story house in Sopore. "We can neither go here, nor there."

Business people who spoke to Reuters say it is not just the fruit industry that is reeling - two other key sectors of Kashmir's economy, tourism and handicrafts, have also

revive, and we don't know what will happen next." The near complete lack of tourists has also hit carpet traders such as Shoukat Ahmed.

"When there are no tourists, there are no sales," he said. "We are also unable to sell across India because communication is down."

At a major chamber of commerce in Srinagar, some members said the continuing lack of internet and mobile connections had paralyzed their work, including the ability to file taxes and make bank transactions.

Some businessmen have also been among the hundreds of politicians and civil society leaders detained by the authorities since early August to dampen any backlash.

While many of those arrested across the region have since been released, Haseeb Drabu, a former state finance minister from a local party once allied with Modi's ruling BJP, said outsiders were now balking at doing business with Kashmiris.

"With a few businessmen raided and more under detention, why would anyone from the rest of the country engage with them and subject himself to a possible enquiry of his transaction and opening of his books?" Drabu said.

India and Pakistan have twice gone to war over Kashmir, which is divided between them but both claim in full, and it remains at the heart of decades of hostility.

In February, the nuclear-armed neighbors engaged in an aerial duel after a deadly militant attack on an Indian paramilitary convoy in Kashmir, raising the fear of a broader conflict.

The latest bout of instability has been devastating to the likes of Manzoor Kolu, who runs a five-roomed houseboat on Srinagar's mirror-calm Dal lake, framed by snow-clad mountains.



REUTERS/FILE  
Rotten apples are seen on a tree at an apple orchard in north Kashmir.

summit later this year to attract some of India's top companies to the region, create jobs and lure young people away from militancy.

In the short-term, however, farmers and fruit traders say the clampdown is stopping them from either getting their produce to market or shipping it out to the

been hit hard. Shameem Ahmed, a travel agent who owns a houseboat in the summer capital Srinagar, said this year's tourist season was completely wiped out.

"August was peak season, and we had bookings up to October," he said. "It will take a long time to



CITY BANK  
Mashrur Arefin, CEO of City Bank, and Sheikh Tanvir Ahmed, managing director of Sundarban Express Transportation System Ltd (SETS), exchange documents after signing a deal recently for exploring agent banking opportunities through the latter's regional offices.

## Bank of Japan leaves policy unchanged after Fed rate cut

AFP, Tokyo  
The Bank of Japan on Thursday warned of increasing downside risks for the global economy but held off on further easing, even as European and US peers loosen their credit grip.

The central bank said it would maintain its ultra-loose monetary policy, vowing to keep interest rates low at least until the spring of 2020, though governor Haruhiko Kuroda did hint at possible moves next month.

But it warned of headwinds including the prolonged trade war between the US and China, and Britain possibly leaving the European Union without a divorce deal.

"Given that, recently, slowdowns in overseas economies have continued to be observed and their downside risks seem to be increasing, the Bank judges that it is becoming necessary to pay closer attention to the possibility that the momentum toward achieving the price stability target will be lost," it said in a post-meeting statement.

The statement -- released after a two-

day meeting -- did not include a revision to its July inflation outlook, projecting 1.0 percent for the year to March 2020 and 1.3 percent the following year.

Those figures are far short of the two percent the BoJ has long set as its target -- a figure seen as key to turbocharge the world's third-largest economy.

Kuroda said in a news conference that fresh easing measures at the October meeting were possible.

"If you were asking me if we are becoming more inclined toward further easing, relative to our last meeting, that is correct," he told journalists.

He also shrugged off the risks of a consumption tax hike scheduled to kick in next month.

"We do not think at this point that the economy would see a significant impact from the consumption tax hike," he said. "But consumers' minds are affected by various things. So we need to closely monitor that." But some observers have questioned how much more Bank policymakers could do to support the economy.

## IMF voices concern over high stressed loans

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This reflects mainly the very high stressed assets in SoCBs, though in recent years the stressed asset ratio has also been increasing in private banks.

"Comprehensive reform is required to address banking sector weaknesses," the report said.

In a press release, the executive directors commended the authorities for Bangladesh's strong and stable economic performance, which has resulted in reduced income poverty and improving social indicators.

Growth is projected to be strong at above mid-7 percent in fiscal 2019-20.

After a slowdown in private investment before the election in last December, robust growth is expected, led by private consumption with strong remittance inflows and smaller negative contributions from net exports.

In order to realise the country's growth potential and reach upper middle-income status, the authorities will need to promote productive investments and upgrade the economic policy framework, the statement said.

The board said slow progress in resolving the Rohingya refugee crisis could add to social tensions as well as spending pressures and donor support will remain essential.

"With most humanitarian needs met by donor support, the fiscal impact appears limited so far, but donor fatigue is a risk in the future."

The directors commended the BB for keeping inflation broadly stable. However, with inflation expectations remaining elevated, they urged the BB to monitor inflation developments closely and stand ready to adjust its policy promptly if warranted.

They encouraged the authorities to continue efforts to gradually increase exchange rate flexibility to help buffer the economy against external shocks, preserve foreign reserves and support the modernisation of the monetary policy framework.

The directors lauded the authorities for fiscal discipline and encouraged them to keep the public debt ratio broadly stable. In this context, they stressed the need to step up the effort to increase revenues to finance the upgrade of infrastructure, support the vulnerable and meet the potential costs of climate change.

The executive board highlighted the need to expand the tax base by reducing exemptions and to modernise tax administration.

While the launch of the new value-added tax is welcome, the directors noted that simplifying the multiple rates would facilitate administration and improve revenue intake.

The directors encouraged the authorities to continue to develop a well-functioning capital market to reduce the economy's dependence on bank financing.

In this context, they welcomed

the ongoing reform of the national savings certificates system and called for further steps, including reform of the pricing mechanism.

The board underscored that further improvements in public financial management and strengthening governance will be crucial for continued growth.

They highlighted the importance of better public investment management and tax administration, and welcomed the work to revise the authorities' medium-term debt management strategy.

They urged continued progress in strengthening measure to combat money laundering and terrorist financing. The directors emphasised the importance of greater export diversification for stronger and more sustainable economic growth.

"They noted that improving the business environment and boosting human capital would help increase Bangladesh's integration into global value chains and make exports more resistant to changes in global demand patterns," the IMF statement said.

The directors welcomed the authorities' effort to address the country's vulnerability to climate change and natural disasters and recommended continued efforts to create fiscal space for adaptation and mitigation, managing the impact of natural disasters and promoting climate-friendly investments.



EBL  
M Khorshed Anwar, head of retail and SME banking of Eastern Bank Ltd (EBL); Md Zahidul Kabir, head of treasury and credit management at Fair Electronics Ltd, an authorised distributor and manufacturer of Samsung products in Bangladesh, and JM Taslim Kabir, head of marketing, attend a deal signing ceremony in Dhaka recently. The bank's home loan clients will enjoy privileges while buying Samsung consumer electronic products from select "Samsung Smart Plazas".

## First coal-laden vessel arrives in Payra port

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The first unit of the plant will start producing around 660-megawatt electricity from the next December for the national grid, Alam said.

Construction of several structures like jetties, terminal, connecting roads and bridges is going on under the supervision of a Korean consultancy firm.

The port may start its full-fledged operation by 2022, said its officials.

On August 13 in 2016, Prime Minister Sheikh Hasina inaugurated the operational activities of Payra port as the country's third seaport.

## Onion still skyrocketing

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The scale of the operation is too small to make an impact in the market, said a wholesaler at Shyambazar, a major wholesale market for onion in the city.

The spiral in price continues despite a commerce ministry official--after a meeting with traders on Tuesday--said the government's measures and adequate supply in the market would bring down the prices within 24 hours.

Mohammad Abdul Mazed, general secretary of Shyambazar Onion Wholesalers Association, said they expected that the prices would drop.

"But what can you do if prices shot up at the source of supply? If prices of onions rise in India, the prices go up here too," he said.

At Shyambazar, locally grown onion was sold at Tk 62-Tk 65 a kilo yesterday from Tk 55-58 on Wednesday.

Onion imported from India was traded at Tk 55-Tk 60 from Tk 52-53 one day ago, said Narayan Saha, a wholesaler in the market.

"The market reports we are getting from the border are not encouraging. The prices are going up there," he said.

Mazed said importers have opened letters of credit to import the tuber from Myanmar and Egypt.

The shipment from Myanmar is expected to arrive within a week. But it may take two-three weeks for Egyptian onions to arrive, he said.

Bangladesh imported 10.91 lakh tonnes of onion in fiscal 2018-19, up from 9.53 lakh tonnes a year ago.

The Bangladesh Bureau of Statistics is yet to publish its estimate on onion production for 2018-19. The production stood at 17.38 lakh tonnes in 2017-18.

## Stocks bleed despite GP surge

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"Investors can't remain optimistic now as the index is below the psychological 5,000-mark," said a stock broker preferring not to be named.

Of the traded issues, 46 advanced, 269 dropped and 38 remained unchanged, according to data from the DSE.

All the large-cap sectors showed negative movement except

telecommunication, which gained 8.29 percent. Textile lost the most: 2.08 percent. Turnover, another important indicator of the market, rose 3.61 percent to Tk 384.96 crore.

National Tubes dominated the turnover chart with its transactions worth Tk 19.28 crore, followed by Fortune Shoes, Square Pharmaceuticals, Monno Jute Staffers and Beacon Pharmaceuticals.

Bangladesh Industrial Finance Company was the worst loser, shedding 10 percent. Chattogram stocks also fell yesterday with the bourse's benchmark index, CSCX, declining 53.34 points, or 0.59 percent, to finish the day at 8,960.79.

Losers beat gainers as 190 declined, 44 advanced while 26 finished unchanged on the Chittagong Stock Exchange.

## DHL raises shipment price by 4.9pc

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As a prerequisite, we have been investing heavily in our international network."

"Rising item volumes in the e-commerce market have increased the demand for logistics expertise and in response, DHL Express has invested comprehensively in new aircraft and in development for its global hub and gateway network," he said.

The result has led to the development of top-of-the-line sorting technology armed with multiple processing capacities, he said.

Prices are adjusted on an annual basis by DHL Express, taking into consideration inflation and currency dynamics such as administrative costs related to regulatory and security measures, according to the statement.

These measures are updated by national and international authorities on a regular basis in each of the more than 220 countries and territories that DHL Express serves.

Depending on local conditions, price adjustments will vary from country to country, and will apply to all customers where contracts allow, the company said.



AB BANK  
Sajjad Hussain, president and managing director (current charge) of AB Bank, yesterday launches "Profit First", a fixed deposit account providing interest during its opening.

## US to help fight money laundering: envoy

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International cooperation among the nations is very important as terrorist financing and money laundering is being perpetrated across the globe, he said.

"Bangladesh always puts highest importance on regional and international cooperation," he said, adding that being a member of the Asia/Pacific Group on Money Laundering, the country has been playing a vital role in extending cooperation to combat the financial crimes.

As a member of the Egmont Group, the BFIU also proactively responds to all the request of the international cooperation, he said. The Egmont Group, a body of 164 FIUs, provides a platform for the secure exchange of expertise and financial intelligence to combat money laundering and terrorist financing.

Officials of the BFIU, Anti-Corruption Commission, Criminal Investigation Department, the National Board of Revenue and the law, justice, and parliamentary affairs ministry, the Department of Narcotics Control, the Attorney General's Office, and the Customs Intelligence and Investigation Directorate attended the event.