

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.34%	▲ 0.15%	\$1,509.30	\$68.16	▲ 1.00%	▼ 0.36%	▲ 0.11%	▼ 0.08%	BUY TK 83.95	93.01	109.18	0.75
4,433.94	8,176.71	(per ounce)	(per barrel)	41,575.14	23,837.72	3,226.53	3,005.04	SELL TK 84.95	96.81	112.98	0.79

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Fair prices elude farmers



SOHEL PARVEZ

Optimism to turn the tide in his favour had preoccupied the mind of Bimal Krishna Biswas as 2018 drew to a close.

The 62-year-old farmer dreamt of renovating his house with brick walls in 2019 with the sales of paddy and the income from fish farm he and his neighbours had in partnership in their locality.

One year has passed by but his hope of a better home, increased wealth and improved living standard remains a distant dream.

"This is totally a year of losses for me. How could I make profit unless the prices of paddy go up?" said Biswas, a farmer from Tungipara in the southwestern district of Gopalganj, over phone yesterday.

He cultivated paddy and other crops on five acres of land, including two acres he took as a lease.

The elderly farmer and his neighbours live in an area where crop fields remained submerged for seven months a year and they get only five months to grow paddy during the dry season.

The paddy grown during the Boro season is the prime crop on which Biswas and tens of thousands of farmers in the country rely for their living.



The season is expected to produce 52 percent of the total 3.78 crore tonnes of rice this calendar year, up 4 percent year-on-year, according to the Bangladesh Bureau of Statistics and the Department of Agricultural Extension.

This year, they were deprived of profit for higher domestic production that outpaced demand, causing the price to fall. The average national wholesale prices of rice fell between 13 percent and 21 percent from the previous year.

Wholesale prices of coarse rice fell 21 percent to Tk 2,753 per quintal, according to the Department of Agricultural Marketing, which compiled price data until October.

And the prices of the cereal were 24 percent lower than the government's procurement rates of Tk 36 per kg during this year's Boro and Aman seasons.

Farmers said the prices of paddy had edged up slightly at the beginning of harvest of the second biggest crop, aman, but the spike was short-lived. The price has remained low irrespective of grain quality as the speed of the government's purchase is slow.

In order to ensure profits for farmers, the government has declared to buy 6 lakh tonnes of paddy directly from producers during the current aman harvest season. But the food office began purchasing paddy on November 20 and has managed to buy 38,000 tonnes until Dec 23.

Biswas had spent as high as Tk 700 for hiring a farmworker to harvest paddy. But after the harvest, they found the prices of paddy were about Tk 500 a maund.

"This is really frustrating. We had good prices last year. None of us have peace of mind this year," said Biswas, who also suffered losses as tidal surge for cyclone Bulbul destroyed fish farm.

Govt's solid plan for single-digit interest rate

Loan-deposit ratio to increase

REJAUUL KARIM BYRON

Bangladesh Bank is set to raise the loan-deposit ratio by another 1 percentage point as it looks to reduce the interest rate for manufacturing sector and increase lendable fund of banks.

At the same time, the finance ministry is taking a measure to bar government entities from seeking more than 6 percent loans, which manufacturers deem excessive.

With a view to boosting private investment and job creation, the government has set its sights on lowering the rate to single digit.

The committee headed by its Deputy Governor SM Moniruzzaman submitted a report to the finance ministry and the BB board on December 24, based on which the notices will be issued.

The lift in loan-deposit ratio is a positive move of the government, Zaid Bakht, a member of this committee and chairman of Agrani Bank, told The Daily Star yesterday.

Banks' loanable funds will increase as a result and their cost of funds will come down too.

Their profit margin will not reduce significantly due to the single digit interest rate as banks will get benefits from the central bank and the government, Bakht said.

About 50 percent of the government deposits will be kept in private banks and the interest rate will be 6 percent, Kamal said.

At present, the loan-deposit ratio is 85 percent for regular banks and 90 percent for Islamic banks.

In other words, for every Tk 100 of deposit regular banks can lend Tk 85. But soon, they will be able to give out Tk 86 and Islamic banks Tk 91.

This will cause a surge in loanable funds by about Tk 10,000 crore, Kamal said.

Concurrently, the central bank will issue a notice to cap the interest rate on manufacturing loans, which is set to go down to single digit in a couple of days' time.

The development comes after the central bank formed a seven-member committee earlier this month to come up with ways to bring down the interest rate to single digit as per an instruction from the finance ministry.

Banks now charge interest rates between 12 percent and 14 percent for industrial



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MANMADE FIBRE Bangladesh lags for want of investment

REHAYET ULLAH MIRDHA

Bangladesh is lagging behind its global peers due to lack of investment and adequate government support to set up mills to produce manmade fibres (MMFs), which are gaining popularity worldwide as biodegradable raw material for apparel manufacturing.

The share of MMF-based apparel is around 45 percent in the global trade, which is growing at 5 percent, as such garments are more environment friendly, according to a study of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

On the other hand, the share of global trade of cotton-based apparel is around 35 percent now, which shrunk at a compound annual growth rate (CAGR) of 0.5 percent between 2007 and 2017, the study found.

"It is very expensive to set up an MMF based mill," said A Matin Chowdhury, managing director of Malek Spinning Mills, a leading spinner.

Chowdhury said he tried to set up an MMF-based mill 10 years ago, when the project cost was estimated at \$100 million. "Now it takes between \$400 million and \$500 million."

In 2017, the global trade of MMF-based apparel was \$150 billion, where Bangladesh's share was 5 percent compared to Vietnam's 10 percent share. Bangladesh has 430 spinning mills, of them 124 are based on polyester and viscose staple fibre, the two forms of MMF.

Moreover, around 93.57 percent of the 20.52 lakh tonnes of fibre imported in 2018 was cotton, according to the study.

Another boost for flat buyers

Stamp duty cut
STAR BUSINESS REPORT

The government has slashed the stamp duty on property registration by half to 1.5 percent of the deed value as part of its efforts to resuscitate the real estate sector that has been struggling for the past few years.

"This is going to have a positive impact," said Farhaduzzaman, marketing in-charge of Eastern Housing, the country's first real estate company.

The move by the finance ministry came amid repeated pleas from realtors to cut registration costs of property to give a respite to middle-income families who want to own homes.

Following the tax cut, the total registration cost - excluding advance income tax - of flats of up to 1,601 square feet came down to 11.5 percent of the deed value from 13 percent previously.

DSE profits contract as investors flee

Interest income saves the day
AHSAN HABIB

Dhaka Stock Exchange's profits dropped 6.70 percent year-on-year to Tk 97.4 crore in fiscal 2018-19 as a narrow product range and lacklustre stock market ward off investors.

"This is the lowest in 10 years," said Mizanur Rahman, a stock market analyst.

The premier bourse is heavily dependent on bank interest income: about 43 percent of its revenue in fiscal 2018-19 came from bank deposits.

In contrast, the neighbouring country's Bombay Stock Exchange logged only 5.67 percent of its total revenue from this source for the year that ended on March 31.

The rate is much lower in the US stock exchange Nasdaq, which registered only 0.23 percent of its income from bank interest as of December 31 last year.

"Interest income-based profit is not a good indicator for any stock exchange," said Rahman, who is a professor of accounting and information system at the University of Dhaka.

The DSE's second highest income came from transaction fees, which was Tk 72.32 crore.

The bourse failed to bring in new products and jump start the bond market, Rahman said, adding that many left the market too.

The bourse's daily average turnover also fell 5.25 percent to Tk 613 crore though the number of shares rose.

The stock market has been suffering from a lack of confidence for the last few years, so its turnover is still very low, said a high official of DSE requesting anonymity.

The DSE has been running for around 60 years, but it is only an equity-based stock exchange, said a stock broker, who is also one of the shareholder members of the bourse.

"None worked for product diversification sincerely," he added.

The bourse is trying to ease the bond market problems, but there are some regulatory barriers as well, said the DSE official, adding that the recently launched SME platform and the alternative trading board may add some revenue in future.

The two platforms will facilitate the small and medium companies to come to the stock market and the other will tempt non-listed companies to trade their stocks. People's participation in the stock market is very low, which ultimately deters the market from expanding, he said.

"And people are not coming to the market because they think the stock market is full of gambling and lacks good governance."

The total number of beneficiary owners' account is 25.78 lakh, which is about 1.50 percent of the total population of about 17 crore, according to the Central Depository Bangladesh.

"Only the listing of solid companies and good governance can change the scenario," he added.



Lengthy auction process costs govt crores

Most abandoned goods at Chattogram port go off
MOHAMMAD SUMAN, Ctg

Unclaimed goods worth crores of taka rot away every year at the Chattogram port for the customs authority's lengthy auction process that takes six to 12 months.

The practice is not only causing wastage but is also causing higher imports.

For instance, the customs authority is set to destroy about 5,000 tonnes of onion, apple, orange, tangerine, meat, fish and animal feed, sanitary napkin, hybrid corn seed, energy drink, shrimp and several chemicals products worth Tk 25 crore that were brought by 50 importers between 2008 and 2018.

Were those goods auctioned off within 30 days of arrival of the consignment at the port, as per the Customs Act 1969, the government could have not only earned a hefty sum but their import demand would have been less too.

Importers tend to abandon consignments due to: fall in prices of the goods in the local market; failure to submit original documents in support of the shipment and get clearance permit reports; and importers' refusal to pay fines for anomalies, according to customs officials and importers.

In the last three years, less than one percent of the abandoned goods, worth Tk 10,000 crore, could be auctioned off, as per customs data. The process fetched Tk 145 crore.

A total of 269 containers of imported goods worth Tk 78 crore expired and had to be disposed of by either burning or burying. As many as 6,780 import consignments worth Tk 9,980 crore were abandoned between July 2013 and August 2019, according to Chattogram Port and customs data.



Unclaimed goods being disposed of by the customs authorities at Dakshin Kattali in Chattogram recently.

New ABB chairman zeroes in on discipline

EBL chief elected as chairman for second time
STAR BUSINESS REPORT

Newly elected ABB Chairman Ali Reza Iftekhar has set his sights on recovering the image of the country's banking sector by way of enhancing the capacity of lenders' executives.

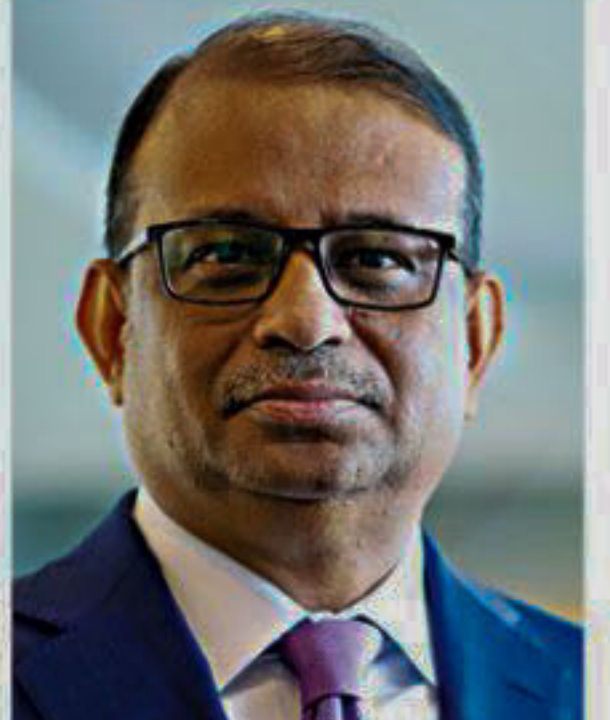
"The ABB will lay emphasis on ensuring corporate governance and bringing down default loans in banks in tandem," he told The Daily Star after he was elected as the chairman of the organisation at its 22nd annual general meeting for the next two years.

Iftekhar would be succeeding Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

The Association of Bankers, Bangladesh (ABB) is a forum of managing directors of Bangladesh's scheduled banks. The forum is dedicated to protecting the interest of both banks and customers by exchanging views with regulatory bodies and other related organisations. The banking sector is going through a challenging period of late.

"This has eroded the lenders' image slightly. Recovering the image is my main task within the next two years," said Iftekhar, also the managing director of Eastern Bank.

The ABB will take initiative to discuss with the central bank about the rules and regulations that are not time-befitting. It will pursue the central bank to revise them.



Ali Reza Iftekhar