

## 9 banks join Brac pandemic campaign

STAR BUSINESS DESK

A total of nine private banks have joined Brac to provide cash support and healthcare services across Bangladesh during the pandemic's new wave.

The nine are Brac Bank, Eastern Bank, Mutual Trust Bank, Standard Bank, Dhaka Bank, Bank Asia, Mercantile Bank, United Commercial Bank and Dutch Bangla Bank, says a press release.

The lenders have committed Tk 159,193,728.

Of it, Tk 135,740,500 will be delivered as cash support to 72,160 families under a "Dakche Abar Desh" project.

The rest will be used to provide masks and other Covid-preventive services to 18 lakh (1.8 million) people and reach healthcare services to 10,000 patients with Covid symptoms under a Community Fort for Resisting Covid-19 project.

Particular focus will be on 20 districts with the highest rate of Covid spread, mostly in Rajshahi and Khulna divisions.

Bangladesh Bank has instructed banks to launch special corporate social responsibility activities amidst a spike in Covid-19 cases last month.

## Alesha Card offers 50pc discount on supplies

STAR BUSINESS DESK

Alesha Holdings is offering up to 50 per cent discount on the use of its "Alesha Card" on over 3,000 supplies.

The card can be availed with a one-time payment of Tk 7,980 and a yearly renewal fee of Tk 980, said a press release.

The card also offers a 10 per cent discount on select products on e-commerce platform Alesha Mart.

If the cardholder passes away in an accident within the Alesha Card's validity period, the family concerned will receive benefits of up to Tk 2 lakh.

## India's services activity shrinks again in July

REUTERS, Bengaluru

Activity in India's dominant services industry shrank for a third consecutive month in July as restrictions to control the coronavirus pandemic hit demand, with companies turning the most pessimistic in a year, a private survey showed on Wednesday.

Restrictions imposed by local governments to curb the devastating second wave of Covid-19 were relaxed over the past few months following a drop in infection rates, but the threat of a third wave has

cast a shadow over the already weak economic outlook.

Although the Services Purchasing Managers' Index, compiled by IHS Markit, rose to 45.4 in July from 41.2 in June it stayed firmly below the 50-level separating growth from contraction for a third month.

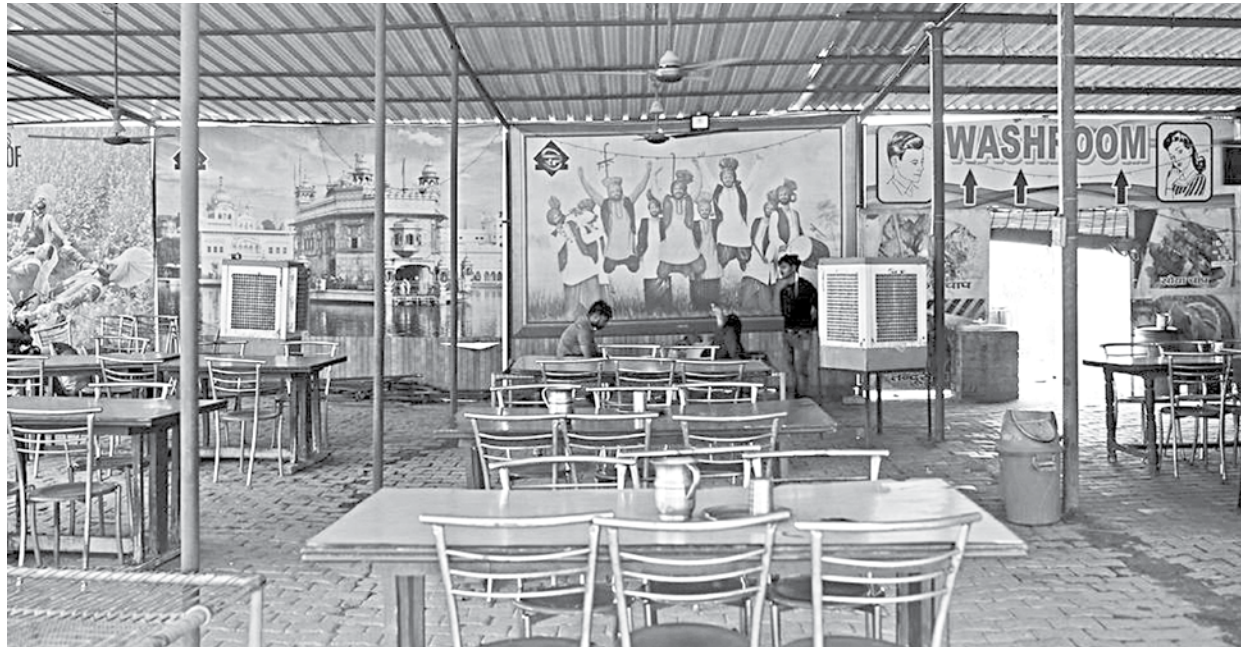
Overall demand in the sector shrank again last month, albeit at a slower pace, and overseas demand declined for a 17th month - the longest streak since the sub-index started in September 2014.

"The current COVID-19 environment continued to weigh

on the performance of the service sector that is so crucial to the Indian economy," noted Pollyanna De Lima, economics associate director at IHS Markit.

"July data was somewhat disappointing, with incoming new business and output falling solidly over the month, but there was at least a slowdown in rates of contraction."

That weak demand and a dour outlook pushed services firms to cut headcounts for an eighth month, indicating it may take a long time for the labour market to reach pre-pandemic levels.



Waiters wait for customers at a dhaba, a small restaurant, along a national highway in Gharaunda, in the northern state of Haryana, India on June 17.

REUTERS/FILE

## Dubai airport expects passenger surge as UAE eases travel curbs

REUTERS, Dubai

Dubai's state airport operator expects a "surge" in passenger traffic over the coming weeks and months, its chief executive said on Wednesday, after the United Arab Emirates announced an easing of travel restrictions from African and Asian countries.

The Gulf state, a major international travel hub, on Tuesday said it would scrap on Aug. 5 a transit flight ban which Emirates airline later said applied to passengers travelling from 12 countries, including major market India.

The UAE will also lift this week an entry ban on those who had visited India, Pakistan, Sri Lanka, Nepal, Nigeria or Uganda over the past 14 days for those with valid residencies and who are certified by Emirati authorities as fully vaccinated.

## Govt to import 50,000 tonnes of rice from India

FROM PAGE B1

It is also alleged that a section of seasonal traders and some millers stocked a good amount of rice and paddy this year to make a profit from the lean season.

This was why the supply of paddy at the wholesale markets has been very low.

The committee also decided to buy 30 oxygen generator plants through the direct purchase method in order to fast address shortages for rising coronavirus cases.

At a virtual press briefing following the meeting, Finance Minister AHM Mustafa Kamal raised questions about the opposition of the Centre for Policy Dialogue (CPD) on the increased inflow of remittance through legal channels.

A journalist had sought his comment on a CPD remark at a programme on Tuesday that the government should enhance monitoring on the inflow of remittance of over \$5,000. "We want remittance to come in a legal way. Previously, remittance used to come in both legal and illegal ways," said the minister.

Mentioning that currently remittance inflow through legal ways has increased, he said, "I don't know why they are objecting over inflow of remittance through legal way."

It is good for the country if anyone sends money following the rules, he said.

Regarding Bangladesh Bank's proposal on increasing the incentive on anything less than \$500 sent as remittance, the minister said they have no such plan.

## Export container backlog eases at ICDs

FROM PAGE B1

said the garment factories may start sending export cargoes after 8 to 10 days as most have enough orders and were now busy with production after the holidays.

He emphasised that the ICDs need to remain prepared, including having adequate space in their sheds and yards, to receive and properly handle the new export cargoes.

The BAFFA leader said the ICDs were currently facing an inflow pressure of import-laden containers which were being sent from the port to ease the ongoing acute container congestion there.

If the ICDs are forced to keep import containers in spaces designated for exports, the situation may worsen again when new export cargoes start arriving, he said.

The crisis started worsening gradually since early May as the ICDs were failing to timely send export containers to the port for shipment due to an acute global shortage of empty containers and delays in availing space in mother vessels at transhipment ports.

At the beginning of last month, most of the ICDs were overwhelmed since export cargoes were staying inside much longer than usual as freight forwarders concerned were failing to book the number of containers required.

It forced the ICDs to stop receiving additional export cargoes arriving from across the country, leading to long queues of vehicles carrying export cargoes in front of the ICDs.

No such queue was visible outside an ICD known as Esac Brothers

near the Chattogram port yesterday afternoon.

A meeting between the CPA and stakeholders on July 12 for a solution decided that the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) leaders would hold meetings with international buyers' forums.

This was to convince the latter to refrain from nominating just one or two selective shipping lines and freight forwarders to avoid monopoly and avert cargo backlogs.

The meeting also decided for the BGMEA to pursue the buyers' forums to refrain from nominating any particular ICD for handling their cargoes, which puts pressure on a few ICDs and results in the backlog.

The CPA sent a letter to the BGMEA last week to take steps in this regard.

## Edible oil price rises

FROM PAGE B1

Bangladesh requires 20 lakh tonnes of edible oil annually.

The price of crude soybean oil stood at \$1,345 per tonne at the end of July, an increase of \$214 per tonne from June, data from the Trading Corporation of Bangladesh showed.

The price of crude palm oil rose by \$152 to \$1,137 per tonne.

Biswajit Saha, director for corporate and regulatory affairs at City Group, one of the largest refiners, said: "Now, it takes more time to complete the import process. Ship fares have almost doubled in the last one month."

Export-import chains are yet to normalise due to the coronavirus situation, he said.

Problems in the global production of key oilseeds coupled with rising biodiesel use have fuelled the global vegetable oil rally, according to a Reuters article in June.

Soyoil futures have jumped more than 70 per cent this year after drought tightened the US and Brazilian soybean supplies. The US Department of Agriculture has forecast global soybean stocks will fall to a five-year low of 87.9 million tonnes by September.

Palm oil prices, the most widely consumed edible oil, also rallied 18 per cent in 2020 after Covid-19 lockdowns curbed output from plantations in Southeast Asia.

Benchmark futures in Malaysia touched \$1,007.30 a tonne in mid-March, their highest since 2008.

## Bangladesh on cusp of industrial revolution

FROM PAGE B1

The country's robust economic growth has not been reflected in the capital market, said Ahmad Kaikaus, principal secretary to the prime minister.

"Whenever a country grows, it is always reflected in the capital market. Probably Bangladesh is completely an exception and growth of the economy is not reflected in the capital market," he said. "This is really puzzling for me," he added.

"Maybe I belong to a different school of thought. So, I think the foreign direct investment is very important, but not the sole mover of the economy," said Kaikaus, who has a PhD in public policy and political economy from the University of Texas. "Even if you allow all the FDI coming into the country, it might not move forward unless you have robust economic support within the country and local investment is equally important," he said.

He said although the economy had bloomed, the capital market had been stalled for a decade.

"When you talk about equity, we are falling behind. This is something we need to work on," he said.

The GDP per capita in Bangladesh is now \$2,228 and this happened within 50 years, he pointed out.

"We are now more energised to do better and for which the country needs the entrepreneurs within the country and outside," said Kaikaus.

In response to a keynote presentation, Kaikaus said, "Education is good for the nation but I can show you many

instances where the country's economy has improved without improving in education."

"So the matter is contradictory, not unequivocal that education is the prime factor of economic growth. Education is needed for the society, education is needed for a better life of the citizen but it is not the determining factor," he said.

"In its past 50 years, Bangladesh's trajectory of economic growth has been a testament of the people's insatiable desire and effort to do better," said Md Mahubur Rahman, chief executive officer of HSBC Bangladesh.

"Continued digitalisation and up-gradation of technology, consistent rise in per capita income leading to incremental consumptions and demographic dividend have been opening up a world of opportunities for Bangladesh," he said.

"Historically, our private sector has always been resilient during challenging times and HSBC will continue to play its part through unparalleled international network and connectivity," he added.

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, attended as a special guest.

Sandeep Uppal, global co-head of International Subsidiary Banking, Commercial Banking, HSBC, and Kevin Green, country head of Wholesale Banking, HSBC Bangladesh, also spoke.

In attendance were key members of the business community, regulatory bodies and representatives from state-owned enterprises.

## Marketing biggest challenge for farm produce

FROM PAGE B1

In addition to ensuring a fair price for the crops produced by farmers, the consumer must also be assured of being provided safe and adulteration free products at the right price, Razzaque said.

The minister said these on inaugurating a "Sadai" mobile app developed by the Department of Agricultural Marketing (DAM) at Bangladesh Secretariat.

The app is a landmark in the sale practices of agricultural products. "If this app is successfully

implemented, it will work to ensure fair prices for farmers, reduce influence of middlemen, and assure quality of agricultural products," he said.

It will also ensure that consumers are not deceived and are able get safe and adulteration-free products, he added.

The app allows farmers and entrepreneurs to register for free and sell products without having to pay any commission.

According to the DAM, the app will develop a direct link between farmers

and consumers.

The DAM will monitor the quality and sale of agricultural products being traded on the platform, determine the prices and address complaints through a call centre.

Payments can be made through mobile banking and cash on delivery. There will be price verification opportunities and tracking facilities of ordered products. Transportation facilities are also available.

The app has separate versions for consumers and entrepreneurs.

## Public administration in socio-economic dev

FROM PAGE B4

These three issues and the four features mentioned above will make "people-oriented public administration".

Bangladesh needs to move forward in terms of its role and the various aspects of public administration discussed above.

One of the features of this century is that no state can function as an isolated island. The impact of global trade, business and technology has fallen on all states. Added to this is the call for social development and poverty alleviation, the necessary institutional reform and market economy, and the need for free flow of information and the introduction of new technologies.

The current pandemic has brought stagnation to all sectors of the state, including economic, social and administrative. Everyone is busy and anxious trying to prevent the pandemic by combining life and livelihood.

Three more aspects have necessitated efficient and people-oriented administration. These are: Moving from low-middle-income to high-middle-income country; To be considered as a developing country and, later as a developed

country; Achieving the Sustainable Development Goals (SDGs) by 2030.

State public administration is very important to take Bangladesh from the current situation to a more advanced stage and build an equitable and welfare state by overcoming all the uncertainties and weaknesses.

Seven concrete steps are essential to make state public administration people-oriented.

They are: (A) Decentralisation of administration: division of responsibilities between different geographical levels and different organisations through devolution, de-concentration and delegation from the centre; (B) Strengthening local government institutions: Ensuring the effectiveness of local government institutions in meeting the various needs of human life, including administration, economic activities, education, health, social development, civic protection as per various articles of the Constitution; (C) Accountability of public administration: Two special aspects are needed -- transparency and public hearing of issues and policies; (D) Establishing liaison with concerned citizens motivated by social consciousness; Above all, to

give importance to the overall advice of the political representatives of the people in charge of policymaking. However, it should be noted that all persons in public administration must be completely free from the influence of political parties; (E) Increase the efficiency and effectiveness of public administration: by increasing the amount of work of skilled administrators and increasing the quality of work, the public will get satisfactory public services; (F) Access to information about public administration activities. The public needs to be informed regularly and accurately by reducing confidentiality about the administration; (G) Regulation should prevail. The use of discretionary power of bureaucrats should be kept to a minimum. This will reduce corruption and opacity in the administration.

This article gives some ideas of the basic issues that have arisen in the present day. Addressing them will make public administration ready to take Bangladesh forward to establish a truly welfare state in the near future.

The author is a former governor of the central bank.

## Savers, small borrowers pay price as banks run after high profit

FROM PAGE B1

"Banks in other countries are hardly following such a higher spread at this moment," Ahmed said.

"Although the main agenda of banks is to lend money, they are not doing so now. Rather, they are maintaining a lower interest rate on deposits and a higher rate on lending to make a hefty profit."

He urged banks not to adopt such a strategy in times of crisis as people's income had been hit hard because of the economic slowdown brought on by the coronavirus pandemic.

Ahmed Kabir, a retired schoolteacher in Cox's Bazar, said he was highly dependent on the interest income from the FDRs he kept with three banks.

"All of my FDRs have recently matured. I am now in a difficult situation to park the money as banks have cut the interest rate on deposits."

Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank Ltd, said it was easier to cut the deposit rate than the lending rate. "Depositors are not united. But borrowers make an all-out effort in case of an increase in the lending rate," he said.

He said the spread had helped banks post a robust profit in the first half of 2021 despite the business slowdown.

"The upward trend of the excess liquidity in the banking sector has mainly created the imbalanced situation," said Ahsan H Mansur, chairman of Brac Bank.

The excess liquidity in the banking system reached an all-time high of Tk 231,462 crore in June.

The stance adopted by banks has also had an adverse impact on small borrowers as they have little bargaining power to secure loans at a lower rate than the larger ones, according to Mansur, also the executive director of the Policy Research Institute of Bangladesh.

"The large borrowers can borrow at a relatively lower interest rate by using their influence. Lenders usually do not pay attention to smaller borrowers."

The lending rate would go down if banks gave out loans as expected, he said, adding that this would also reduce the excess liquidity subsequently.

"The depositors will also benefit if the excess liquidity declines."

But the scenario may not change until the pandemic situation improves. Although depositing money at banks now brings losses for savers, there are not enough options to invest and get an expected return.

The only safe option is savings certificates, whose interest rates can reach as high as 11.76 per cent.

As expected, the net investment in the savings tools has been on an upward curve. It stood at Tk 37,386 crore in the first 11 months of the last fiscal year, which is nearly four times higher than the same period a year ago, according to data from the Department of National Savings.

But the government lowered the

maximum investment ceilings of three types of savings certificates on December 3 to get some respite from the burden of the high-cost borrowing.

The securities are the five-year Bangladesh savings certificate, the three-month profit-bearing savings certificate, and the family savings certificate. As per the new rules, investors are allowed to purchase these savings tools of up to Tk 50 lakh under a single name and Tk 1 crore under a joint account, in contrast to Tk 1.05 crore and Tk 1.20 crore, respectively, in the past.

So, many depositors have had to go back to banks to keep their money despite the negative interest rate.

The stock market would have been one of the best options for the individual investors if there had been a strong structure, a BB official said.

"But people should stay away from the stock market as the excess liquidity has already created a bubble."

The private sector's appetite for credit was essential to boost the interest rate on deposits, said Syed Mahubur Rahman, managing director of Mutual Trust Bank.

The credit growth stood at 8.40 per cent in the last fiscal year against the central bank target of 14.80 per cent.

The existing situation might not improve this year even if the central bank mopped up a portion of the excess liquidity, said Rahman, adding that the Covid-19 situation had become the critical factor in restoring business confidence.