A farmer tends to his fields of winter vegetable saplings in Shajahanpur upazila of Bogura district. Amid low demand due to Covid-19 and other factors, such as persistent rain, farmers like him are facing losses this year. The photo was taken recently. MOSTAFA SHABUJ

Sapling growers in Bogura counting losses

Bad weather and Covid-19 to blame, according to market players

DISTRICTS IN FOCUS

Mostafa Shabuj, *Bogura*

Farmers in Bogura district who grow winter vegetable seedlings used all over the country are counting losses this year due to the late coming of the monsoon season, ongoing Covid-19 pandemic, and low selling prices.

During a visit to the district's Shajahanpur upazila, where more than 300 farmers cultivate saplings on about 25 hectares of land, many locals said the demand and price for their produce is three times lower compared to that last year.

Besides, the saplings have been damaged by bad weather as well as over-aging, according to Md Milon a local farmer who grew various winter vegetable saplings on three bighas of land.

"I sold saplings worth Tk 10 lakh in 2020 but this year, I have sold that of just Tk 2 lakh worth," he said.

This is because vegetable growers from different districts are unable to visit Bogura to buy saplings or seedlings amid the current coronavirus crisis.

Milon went on to say that there are about 300 to 400 farmers in the region's Shahnagar, Darikullah, Mustail, Kamarpara, and Khattrapara villages that cultivated saplings who are now facing a similar situation.

Echoing the same, Fahim Rahman, another sapling grower of Shajahanpur upazila, said demand has fallen significantly as farmers from other districts are not coming to buy their crops.

"In August last year, we sold about 1,000 saplings of different winter vegetables (both early flowering and late) for around Tk 2,000. This year though, the same number of saplings is being sold for only Tk 500 to Tk 700," Rahman added.

The saplings grown on one bigha of land used to bring in more than Tk 1 lakh but now, the same amount barely earns Tk 28,000, said Mokhsedul Islam, a farmer based in the same upazila.

Growing saplings is very costly as the price of hybrid seeds is currently very high.

"So, if we want to cultivate one kilogramme of hybrid seeds, we need between Tk 35,000 to Tk 40,000," said farmer Abdul Khalek.

According to local sources as well as the district's Department of Agricultural Extension (DAE) office, Shahnagar village of Shajahanpur upazila is known as the country's hub for winter vegetable seedlings as buyers from all over come to buy crops every year.

Around 20 years ago, some local farmers in the area started growing vegetable seedlings on a commercial basis.

Eventually, this business spread across the whole district, they said.

However, the industry has also taken a hit due to the high price of paddy this year as many farmers switched to the crop in search of better profits, said farmer Abdur Rahim.

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BSEC AND NAGAD

Zero intolerance of noncompliance for zero-coupon bond

Abu Saeed Khan

Regulators are like football referees. The latter runs along the ball, as much as he can, across the field and instantly intervenes upon foul play. Players' stardom or the team's elite profile is immaterial to him.

But regulatory institutions stand with rickety structure on soft legal grounds in Bangladesh. Prized appointments lacking professional acumen further erode regulatory authority. This pervasive shortcoming distorts the market due to routine extra-regulatory interventions, which also ridicule the law. Mobile financial service (MFS) provider named "Nagad" is a textbook example of such surreal noncompliance.

Its website's "About us" section claims, "Nagad is a venture by the Bangladesh Post Office that facilitates the day-to-day financial transaction needs of the people." The website, however, neither says how much share the government owns nor it reveals the composition of management or board. Nagad does not exist in the postal department's website either. Yet this government department's emblem is displayed in Nagad's logo.

Nagad deals with the same products and services like 16 other licensed MFS providers do. But since inception on March 26, 2019, Nagad operates without MFS licence from Bangladesh Bank. It functions with a no-objection certificate (NOC) instead and keeps dodging a licensee's regulatory compulsions.

"But the central bank was forced to extend the time frame of the NOC by three months (June 2021) as the operator has failed to complete all the procedures," reported The Daily Star. Nagad has, predictably, missed that deadline too and Bangladesh Bank has "graciously" extended the NOC for another three months (September 2021).

In the same report, Nagad has claimed having discussions with Amazon, Facebook and Google as potential investors. But director general of the postal department has denied such meeting.

In the backdrop of these ambiguities, Bangladesh Securities and Exchange Commission has approved Nagad's plan to raise Tk 510 crore through issuing a zero coupon bond with Tk 750 crore face value, said a report of The Daily Star. Nagad has Tk 416 crore in debt, of which it plans to pay off Tk 350 crore through the bond issuance. Recently the chairman of BSEC has promoted this move at a roadshow in New York. It is unbecoming of the capital market regulator.

The BSEC should have highlighted Nagad's legal, structural and operational shortcomings before the potential investors. It reminds what the credit rating agencies (CRA) did in America before the 2008 financial meltdown. They lowered the perceived credit risk by giving AAA ratings to unclearly structured finance products like collateralised debt obligations. It

OPINION

misguided the investors and the market imploded. But the CRAs have never endorsed any entity that lacks legitimacy.

The BSEC has acted like a pseudo CRA while promoting Nagad. Normally it does not allow initial public offering unless a company is profitable for at least three consecutive years. That very regulator now allows bond offering by the unlicensed Nagad, whose balance sheet also remains out of any oversight of the central bank.

Unusually treated Nagad now resorts to Parkinson's Law – "A luxury, once enjoyed, becomes a necessity." Indulging the luxury of unabated regulatory noncompliance sets bad precedence in the capital market. And the BSEC not disclosing the whole truth for investors is the last thing Bangladesh needs.

The writer is a senior policy fellow at LIRNEasia.

GLOBAL BUSINESS

China's economy under pressure as factory activity slows

Reuters, *Beijing*

China's businesses and the broader economy came under increasing pressure in August as factory activity expanded at a slower pace while the services sector slumped into contraction, raising the likelihood of more near-term policy support to boost growth.

The world's second-largest economy staged an impressive recovery from the coronavirus-battered slowdown, but growth has stymied the recent domestic Covid-19 outbreak, slowing exports, tighter measures to ease hot asset prices and carbon dioxide emissions. The campaign to reduce has shown signs of losing steam. emissions

The official Manufacturing Purchasing Managers' Index (PMI) stood at 50.1 in August, up from 50.4 in July, data from the National Bureau of Statistics (NBS) showed on Tuesday. The 50-point mark separates growth from contraction. Analysts polled by Reuters had expected it to slip to 50.2.

"The latest surveys show that China's economy contracted (in August) as the virus disruption took a heavy toll on services activity. In a note, Julian Evans-Pritchard, senior China economist at Capital Economics, said the industry continued to swell due to supply chain bottlenecks and slowing demand.

While most of the weakness should reverse with the easing of Covid-19 restrictions, tight credit conditions and weak foreign demand will continue to weigh on China's economy, he said.

The official manufacturing Purchasing Manager's Index (PMI) fell to 50.1 in August from 50.4 in July in China. REUTERS

In a worrying sign for China's slowing consumption recovery, a gauge of activity for the services sector in August slipped into a sharp contraction for the first time since the height of the pandemic in February last year.

The official non-manufacturing PMI in August was 47.5, well below July's 53.3, data from the National Bureau of Statistics (NBS) showed. "The epidemic in many provinces and locations was a major blow to the services industry, which is still recovering," said NBS's Zhao Qinghe.

Zhao said the catering, transportation, housing and entertainment industries have been the most affected.

Construction activity accelerated at the fastest pace since March. China's latest coronavirus outbreak appears to have been largely brought under control, with zero locally transmitted cases reported on August 30, the third day in a row.

But it has prompted officials across the country to implement measures including travel restrictions and port closures of varying degrees, along with mass testing for millions of people.

The manufacturing PMI showed demand fell sharply, with a gauge for new order contracts and new export orders falling to 46.7, the lowest in a year. The factories also laid off workers like in July.

The Meishan terminal at China's Ningbo port resumed operations in late August after being closed for two weeks due to a Covid-19 case. The closures have blocked ports in the country's coastal regions and further strained global supply chains amid a resurgence of consumer spending and a shortage of container ships.

Higher raw material prices, especially of metals and semiconductors, have also put pressure on profits. In July, earnings of industrial firms in China slowed for the fifth straight month.

The People's Bank of China (PBOC) cut the amount of cash banks in mid-July, releasing about 1 trillion yuan ($6.47 trillion) in long-term liquidity to support the economy.

Many analysts expect another cut at the end of the year. The official August composite PMI, which includes both manufacturing and services activity, fell to 48.9 from 52.4 in July.

Google, Facebook, Microsoft top EU lobbying spending: study

REUTERS/FILE

A logo is seen on the New York Google office.

Reuters, *Brussels*

Alphabet Inc's Google unit, Facebook Inc and Microsoft Corp are the three biggest lobbying spenders in Europe in a battle against tough new laws aimed at curbing US tech giants' powers, a study released on Tuesday showed.

Such efforts should be a wake-up call to EU policymakers to further beef up the draft laws and lobbying rules, the study by campaign groups Corporate Europe Observatory and LobbyControl warned.

The tech sector outspends even the pharma, fossil fuels, finance and chemicals sectors, which used to dominate lobbying, the report said.

"The rising lobby firepower of big tech and the digital industry as a whole mirrors the sectors' huge and growing role in society," the study said.

"It is remarkable and should be a cause of concern that the platforms can use this firepower to ensure their voices are heard over countervailing and critical voices in the debate over how to construct new rules for digital platforms."

The study found that 612 companies, groups and associations spend more than 97 million euros ($114.4 million) annually lobbying on EU digital economy policies.

The data was submitted by companies to the EU Transparency Register up to mid-June this year.

Google topped spending at 5.75 million euros, followed by Facebook at 5.5 million euros, Microsoft at 5.25 million, Apple at 3.5 million, Huawei Technologies Co Ltd at 3 million and Amazon.com Inc in sixth place with 2.75 million, the study said.

Google and Huawei responded that they submit their lobbying data to the EU transparency register.

"We have clear policies in place to protect the independence of the people and organisations we sponsor, including a requirement to disclose funding," Google said in an email.

S Korea set to ban app payment monopolies in world first

Afp, *Seoul*

South Korean MPs were expected to ban Apple and Google from forcing app developers to use the tech giants' payment systems on Tuesday, effectively declaring their lucrative App Store and Play Store monopolies illegal.

A bill set for a vote in the national assembly would make the South the first major economy to pass legislation on the issue, in a move that could set a precedent for other jurisdictions around the world.

In the United States three senators this month introduced a bill to loosen the tech firms' grip on their stores, while in Europe lawmakers are debating legislation that could force Apple to bring in alternatives to the App Store.

The South Korean measure comes as Apple and Google face global criticism for charging up to 30 percent commission on app sales and requiring their own payment systems be used that collect a share of the transactions.

The Korean law -- locally dubbed the "Anti-Google Law" -- will offer users a choice of app payment providers, allowing them to bypass charges set by the store owner.

"This law will certainly set a precedent for other countries, as well as app developers and content creators worldwide," Kang Ki-hwan at the Korea Mobile Internet Business Association told AFP.

Later this year Google plans to enforce globally a requirement for developers to use its payment system -- with its 30 percent commission above a certain threshold -- for in-app purchases.

In South Korea, it is also planning to charge commission on all content payments from October, ending an exemption where commissions were only payable for online games.

That announcement prompted an angry response from South Korean artists and creators, with web fiction writers and webtoon artists accusing Google of "power abuse" and campaigning fiercely for the new law.

"Without this law, our working environment -- where creators are guaranteed of full rewards for their efforts -- would've been destroyed," Seo Bum-gang, a webtoon artist who heads the Korea Webtoon Industry Association, told AFP.

"We need this law to protect the diversity of our industry, where artists and creators of all economic backgrounds can share their content without having to worry about the commission fees.