



Encouraged by favourable weather and good market prices, farmers have planted Aman paddy as far as the eye can see with the crop's acreage having grown a good 4.3 per cent to 56.2 lakh hectares this season. The photo was taken at Gobindaganj in the northern district of Gaibandha yesterday.

PHOTO: MOSTAFA SHABU

Aman acreage expands

SOHEL PARVEZ

Farmers have expanded Aman paddy cultivation this season encouraged by favourable weather and better prices for the staple in domestic markets.

The acreage of transplanted Aman rose 4.3 per cent to 56.2 lakh hectares this season from 53.8 lakh hectares the previous year, showed data from the Department of Agricultural Extension (DAE) and Bangladesh Bureau of Statistics (BBS).

The planted area is higher than the DAE's target of 55.7 lakh hectares, said the organisation's Director General Md Asadullah. "Farmers could cultivate most of the area as we did not see floods this year. And until now, the crop looks good," he added.

Supported by monsoon rains, Aman is the second biggest rice crop, accounting for about 38 per cent of the total annual rice output of 3.76 crore tonnes in fiscal 2020-21.

The DAE official went on to say that farmers have started harvesting early maturing varieties.

Some 21,000 hectares of paddy have already been harvested and 70,000 hectares will be harvested in the next one week, Asadullah said.

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DBL Group gets \$22.7m IFC loans

Fund to be spent on expanding the group's textile wing

STAR BUSINESS REPORT

The International Finance Corporation (IFC) has extended \$22.7 million (nearly Tk 195 crore) in loans to Hamza Textiles Limited (HTL), a dyeing and finishing company of DBL Group.

The financing will help build a new factory with advanced and resource-efficient technologies to respond to the evolving demands of consumers and create more than 900 opportunities for direct employment, according to a statement from IFC issued yesterday.

IFC's investment will help expand HTL's finishing capacity by 80 tonnes per day to reach a total capacity of 103 tonnes per day with its new factory, which will also be a Leadership in Energy and Environmental Design (LEED) certified green building, it said.

The loan's tenure will last eight years, including a two-year grace period, added an official of IFC, a private sector arm of World Bank Group.



"The new factory will allow HTL to work with new fabrics to meet increasing buyer requirements, widen its manufacturing base and highlight the effectiveness of advanced technologies to cut production costs and deliver climate benefits," said MA Jabbar, DBL Group's managing director.

The expanded operation is also expected to contribute \$8 million to Bangladesh's economy directly and indirectly through local supply chains by 2028, said the Washington based agency.

It will also contribute \$15 million in expected economic activities generated by additional income of employees, and boost opportunities for micro, small, and medium enterprises along the supply chain, it added.

HTL provides dyeing and finishing services for fabrics that are used in making garments by its sister companies owned by DBL Group, one of Bangladesh's largest integrated knitted apparel manufacturers and exporters.

READ MORE ON B2

Retail banking needs a paradigm shift



MAMUN RASHID

The breakneck pace of innovation disrupting the financial sector has ushered in a level of uncertainty which the sector has not faced before. New entrants and a rapidly changing business model have provided customers with a multiplicity of options.

For many, traditional banking faces a bleak and uncertain future. However, banks can thrive in the status quo if they choose to respond to these developments by adapting to them and taking advantage of the new opportunities that they present.

The current climate, with the Covid-19 crisis, is an apt time to be introspective and reprioritize goals. The coronavirus has just accelerated the trends that were already in motion before the pandemic.

The crisis validated the need for robust digital capabilities and consumer demand to manage banking via digital channels. This accelerated demand has identified gaps and weaknesses that banks need to address to meet these demands.

Technology is changing everything, becoming a potent enabler of increased service and reduced cost with innovation being imperative. Demographics are also changing the way banks operate, especially with the middle class and E-generation growth.

Social behavior and customer expectations are changing, with a significant focus on customer experience and trust, and ensuring cyber security being paramount in building this trust.

Retail banks are critically important because they help in the supply of money. Around the world, there is renewed interest in retail banking, especially activities related to products and services catering to individuals and small businesses.

These now account for larger shares of commercial bank balance sheets. In the "return to retail" focus, banks are focusing on broadening services for retail customers.

In Bangladesh, while all banks might not have a dedicated retail or consumer

banking division or as such a retail or consumer banking head, they are opening retail or individual banking accounts or delivering banking services to individuals. This includes current, savings or term deposits, NCFD or RFCD accounts, credit of debit cards, auto or mortgage loans, inward or outward remittance, and even investment services for individuals.

Most of the banks historically may be focused on corporate or commercial clients.

However, they are increasingly entering the retail banking space to draw a balance between their institutional and retail deposits, loans, and more importantly, bring down the cost of deposits as well as increase the yield on assets with better risk management.

Any North American or European bank would agree that more money is made from retail banking than commercial or corporate banking.

If not just that, risk-adjusted returns are much higher in retail banking. With an increasing focus on "wealth management" or "privileged banking," lenders will make more money from retail offerings to wealthy citizens than synthetic product-driven investment banking.

Retail banking solutions need to respond and respond quickly to consumer changes in demand and new trends. So, what is the "evolution or revolution" needed in retail banking?



OPINION

PwC recently did a report studying how global megatrends will impact the future of retail banking, using PwC's proprietary Project Blue framework. They studied six priorities for retail banks today to help ensure their future success:

1) Developing a customer-centric business model where you invest in improving overall customer experience and transformation of the operating model.

2) Optimizing distribution offering an anytime, anywhere service, fully utilizing all banking channels in an integrated fashion.

3) Simplifying business and operating models requiring a shift in how retail banks think about their operations - product simplification; integrated distribution; shared service infrastructure; risk management at a customer level; streamlined compliance processes.

READ MORE ON B2

Challenges abound as Tata draws up a flight plan for Air India



An Air India flight arrives at Vancouver International Airport in Richmond, British Columbia, Canada on April 23.

REUTERS/FILE

REUTERS, New Delhi

Tata Sons' \$2.4 billion purchase of debt-ridden, government-owned Air India will give the conglomerate immediate access to valuable flying rights and landing slots that will help it claw back market share from foreign rivals.

But industry executives warn any success will be a long and complicated process that could cost it more than \$1 billion and require fixing myriad problems, including its worn-out fleet, poor service and the lack of a charismatic leader.

Air India, with its maharajah mascot, was once renowned for its lavishly decorated planes and stellar service championed by the airline's founder, JRD Tata, India's first commercial pilot.

But since the mid-2000s, its reputation has fallen as financial troubles mounted.

It flew widebody planes with business class seats in poor repair and grounded some of its new Boeing Co 787 Dreamliners to use for spare parts. Customers faced many delays and staff and suppliers were not always paid on time, executives said.

"If you don't have newer airplanes or airplanes that are reliable, no matter what you do, you are going to have a problem," said a veteran aviation industry executive who was not authorised to speak publicly about the matter.

The ownership transfer from the

government to Tata is expected to go through by the end of the year.

The company will then have until summer 2022, when a post-Covid demand surge is expected, to fix the issues, the person added, estimating it would cost more than \$1 billion to refurbish Air India's 141 planes and up to \$300 million to retrain staff and improve operations and service.

The figures do not include the purchase or lease of new aircraft.

Tata and Air India declined to comment.

Air India's biggest competitive advantage is its ability to fly non-stop to destinations like the United States and Europe, where it enjoys lucrative landing rights. Foreign hub carriers such as Emirates and Etihad Airways can only compete with one-stop options.

Many industry experts predict that after the pandemic, non-stop flights will become even more popular, particularly with lucrative business travellers.

"I'm a big believer if a passenger has a choice their strong preference is to fly point to point," Robert Martin, chief executive of lesser BOC Aviation said at a CAPA Centre for Aviation event last week.

Foreign carriers dominated international traffic to and from India before the pandemic hit, with Air India holding a 19.3 per cent share, including its low-cost arm Air India Express, in the final quarter of 2019, according to government statistics.

GLOBAL BUSINESS

Afghanistan's economic collapse could prompt refugee crisis: IMF

REUTERS, Almaty

Afghanistan's economy is set to contract up to 30 per cent this year and this is likely to further fuel a refugee crisis that will impact neighbouring countries, Turkey and Europe, the International Monetary Fund said on Tuesday.

With non-humanitarian aid halted and foreign assets largely frozen after the Taliban seized power in August, Afghanistan's aid-reliant economy "faces severe fiscal and balance-of-payments crises", it said in its regional economic outlook update.

"The resulting drop in living standards threatens to push millions into poverty and could lead to a humanitarian crisis."

The IMF said the turmoil in Afghanistan was expected to generate important economic and security spillovers to the region and beyond and was "fueling a surge in Afghan refugees", although it gave no estimates of potential numbers.

"A large influx of refugees could put a burden on public resources in refugee-hosting countries, fuel labor market pressures, and lead to social tensions, underscoring the need for assistance from the international community," it said.

Assuming a million more Afghans flee their homeland and settle in other countries in a way that is proportional to the existing spread of Afghan refugees, the annual cost of hosting them would amount to \$100 million in Tajikistan (1.3 per cent of gross domestic product), about \$300 million in Iran (0.03 per cent of GDP) and more than \$500 million in Pakistan (0.2 per cent of GDP), the IMF said.

Tajikistan said last month it could not afford to take in large numbers of refugees unless it



A man rides a car filled with vegetables and fruits for sale at a market in Kabul, Afghanistan on October 18.

REUTERS

received international financial assistance.

Other Central Asian nations have also said they have no plans to host refugees.

Another channel through which Afghanistan's economic troubles could affect its neighbours is trade.

"Exports to Afghanistan are macroeconomically and socially relevant for Iran, Pakistan, Turkmenistan, and Uzbekistan," the Fund said.

Afghanistan previously served as a source of cash dollars, through both legitimate and possibly illicit cross-border flows, due to its status as a beneficiary of large donor funds, but now even larger amounts of dollar banknotes could start flowing into the country due to its shortages, the IMF said.

The goods they are exchanged for are likely to raise new concerns over money laundering and the financing of terrorism, it added.

Ericsson's sales slide over China 5G row

AFF, Stockholm

Ericsson said Tuesday its sales dipped in the third quarter as the Swedish telecoms giant faced reprisals in China after rival Huawei was barred from selling its equipment in Sweden.

China, a major market for Ericsson, accounted for just five per cent of the company's turnover in the third quarter, half of what it represented in the same three-month period last year.

The global supply chain crisis also hit sales late in the third quarter, "and such issues will continue to pose a risk", Ericsson said in an

earnings statement.

The telecom equipment maker's overall sales fell two percent to 56.3 billion kronor (\$6.5 billion, 5.6 billion euros). The company's turnover was impacted by a drop in two key segments, network and digital services sales, in China.

But its net profit was better than expected, at 5.8 billion kronor. Ericsson said it started to see initial revenues from 5G contracts, which it said were "driving growth in our core business".

Ericsson is in a fierce competition with Finnish neighbour Nokia and China's Huawei to build next-generation 5G networks across

the world.

But Ericsson feared repercussions in China after Swedish regulators banned Huawei and another Chinese firm, ZTE, from the country's 5G network in 2020 for security reasons.

The United States, Britain and Australia have imposed similar bans on Huawei.

In June, a Swedish court struck down an appeal from Huawei.

"As a consequence of the reduced market share in Mainland China we are planning to resize our sales and delivery organization in the country, starting in Q4 (fourth quarter), adding to our restructuring charges," Ericsson said.