

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
0.64%	0.86%	\$1,780.20	\$74.26	58,117.09	28,432.64	3,121.09	3,661.53	84.85	94.64	111.85	13.09
6,837.80	12,007.78	(per ounce)	(per barrel)					BUY TK	85.85	98.44	115.65
								SELL TK	85.85	98.44	115.65

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Star BUSINESS

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BB-BSEC tussle takes a new twist

Stock regulator's move to cut banks' power to cancel bondholder payments contradicts central bank rule

AHSAN HABIB

The ongoing tension between the Bangladesh Bank and the Bangladesh Securities and Exchange Commission could deepen further (BSEC) following a recent stock market regulator move that curtails banks' power to cancel payments to bondholders.

The central bank has written to several banks after finding out that the BSEC's condition on giving approval for issuance of perpetual bonds contradicts a Bangladesh Bank guideline.

The condition affects some banks, including Exim Bank, One Bank, Pubali Bank, Premier Bank, Jamuna Bank, and Mutual Trust Bank, which have received permissions from the BSEC to issue perpetual bonds.

Perpetual bonds are bonds with no maturity date. Although they are not redeemable, they pay a steady stream of interest in forever. Because of the nature of these bonds, they are often viewed as a type of equity and not a debt.

The central bank said the BSEC included a condition in the consent letter in favour of the perpetual bonds. But the provision is at odds with the Bangladesh Bank's

POINTS OF CONTENTION

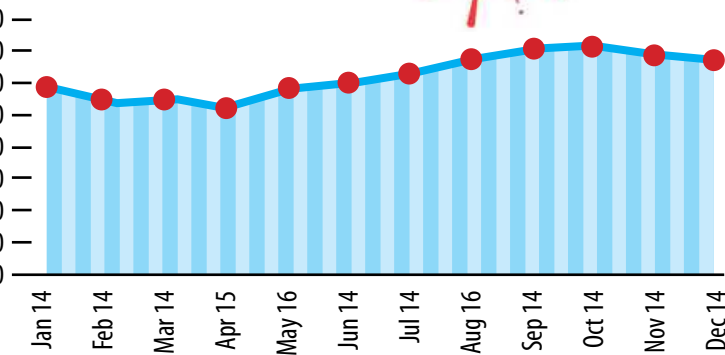
- Defining bank exposure in stock market
- Dividend payment despite accumulated loss
- Contribution to stock market stabilisation fund
- BSEC's condition to pay perpetual bond holders



DSEX MOVEMENT IN JAN-DEC

(In points)

SOURCE: DSE



guidelines on risk-based capital adequacy.

Banks must have full discretion at all times to cancel distributions or payments to bond-holders for the bonds to qualify as a tier-1

capital as per the guideline.

However, the BSEC said in the consent letters that banks shall not have full discretion at all times to cancel distributions or payments to bond-holders.

"In this situation, the perpetual bond would not be considered as an additional tier-1 capital as it failed to fulfil the eligibility criteria," the central bank letter said.

"This type of bond is very new in our country, so regulators should be positive about it. Otherwise, it will not see the light of the day," said Mirza Elias Uddin Ahmed, managing director of Jamuna Bank.

The private commercial lender issued the bond knowing that it would be treated in the additional tier-1 capital. "If it is not allowed, the instrument will be nipped in the bud."

"The central bank's direction is based on international practices," said Ahmed.

Perpetual bonds act almost like a share, and when a company issues shares, the issuer doesn't give guarantees that it will pay dividend every year.

"If a company fails to provide any dividends, its price will fall. It's simple," said Ahmed.

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CEPA negotiations with India start next year

REFAYET ULLAH MIRDHA

Negotiations for signing a Comprehensive Economic Partnership Agreement (CEPA) with India will begin next year as the related feasibility study has entered its final stage, according to a senior official of the commerce ministry.

"The Bangladesh Foreign Trade Institute (BFTI) is expected to submit the feasibility study to us by the end of this month," said Mahbubul Haque, additional secretary (Foreign Trade Agreement Wing) of the commerce ministry.

Upon receiving a positive report from the BFTI, the commerce ministry will form a negotiation committee to hold discussions with India.

"The proposed CEPA between Bangladesh and India has three dimensions, namely trade in goods, trade in services, and investment," Haque added.

The CEPA would cover a range of issues as the concept of such a bilateral trade agreement is wider than that of normal free trade agreements and preferential trade agreements.

As such, the CEPA aims to address difficulties regarding trade, tariff, government procurement, investment, connectivity, and investment protection guarantees, among a host of other issues.

It is also a big initiative to offset the challenges to Bangladesh's graduation to a developing country.

AT A GLANCE

- Formal CEPA negotiation to start next year
- CEPA is wider than traditional FTA and PTA
- The deal may help offset LDC graduation challenges
- Bangladesh's target is to grab more Indian markets
- Local conglomerates are faring well in India

If the CEPA goes through, importers and exporters of both countries can choose their preferred agreement for conducting

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Higher inflation on the prowl

ADB keeps Bangladesh's GDP growth forecast unchanged for FY2022

INFLATION TRENDS

(In%); SOURCE: BBS



STAR BUSINESS REPORT

Bangladesh will witness higher inflation in 2022 as the implementation of various measures to combat Covid-19, including the disbursement of stimulus funds, has added pressure to the recent hike in fuel prices, according to the Asian Development Bank (ADB).

The government's decision to increase the price of diesel and kerosene resulted

in the rise of transport costs, which either directly or indirectly affected all sectors.

However, the ADB kept its FY2021-22 economic growth forecast for Bangladesh unchanged in its latest supplement of the Asian Development Outlook 2021.

The Manila-based development lender trimmed its annual growth projection for Bangladesh to 6.8 per cent through an update in September, which reflects the

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FloWater, FloSolar plan to go public



AHSAN HABIB

Two new types of companies -- a water treatment solution provider and a solar panel producer -- plan to go public on the stock exchanges in Bangladesh as they look to raise funds to expand footprint.

FloWater Solutions and FloSolar Solutions have decided to list with the exchanges and signed a memorandum of understanding with MTB Capital to manage the issues on Sunday.

If everything goes as per plans, the two companies will be the first listed firms in the water treatment solution provider and the solar energy solutions provider categories in the country.

"We are now profitable companies, so we want guidance from an issue manager so that we can be listed with the stock market smoothly," said Mustafa AK Khan, founder and managing director of both companies.

"MTB Capital will give us some targets. The fulfilment of these targets will make our listing easier."

Set up in 2017, FloWater Solutions works in the areas of water, sewerage and effluent treatment and counts Navana Real estate, Concord, Shanta Holding, ActionAid, SSG,

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অটোমেটেড চালান সিস্টেম (এ-চালান) এর মাধ্যমে মিডল্যান্ড ব্যাংকের যেকোন শাখায় মুসক, ই-পাসপোর্ট, আয়কর, ডিউটি/শুল্ক, সারচার্জ, ইত্যাদি ফি জমা করুন।

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Meghna Bank wins Global Economics award for 2021

STAR BUSINESS DESK

Meghna Bank Ltd has been awarded the "Fastest Growing Corporate Bank in Bangladesh" title for the year 2021 by The Global Economics Ltd, a UK-based financial publication and a quarterly business magazine.

The business magazine, which gave thoughtful insights into the financial sectors of various industries across the world, identified the best performers in various financial sectors worldwide and picked them for the country specific Annual Global Economics awards programme.

"This international award is an endorsement of our ongoing efforts towards the transformation we are aiming at," said Sohail RK Hussain, managing director of Meghna Bank.

This is the second international award for the bank for the year 2021. The lender won "Asian Banking & Finance (ABF) Wholesale Banking Award" earlier.

Tilottama Bangla opens LXL's first experience centre in Dhaka

STAR BUSINESS DESK

Tilottama Bangla Group, a local concern of the world-class Japanese sanitary brand LXL, inaugurated its parent company's first experience centre in Gulshan, Dhaka on Saturday.

Md Jasim Uddin, president of the Federation of Bangladesh Chambers and Commerce and Industries, attended the opening ceremony as chief guest.

"We hope that LXL will soon set up a factory in Bangladesh to manufacture sanitary products and export them abroad, spreading 'Made in Bangladesh' over the world," Uddin said.

"Our new experience center has created a medium for direct communication with our consumers," said Shahriar Sajjad, chief executive officer of Tilottama Bangla Group.

Mubasher Hussain, president of the Bangladesh Institute of Architects, and Abu Sayeed M Ahmed, president of ARCASIA, were also present.

Immediate digital intervention needed to double food production

FROM PAGE B4

Digitisation & optimisation of dairy supply chain process Dairy farmers can maximise their profit by incorporating digitisation in terms of cattle monitoring, milk procurement, and cold chain management process. Radio frequency identification can be used for cattle tracking and animal health monitoring.

Vertical farming

To deal with the challenge of shrinking arable land in Bangladesh and meet the rising food requirement, vertical farming can be a feasible solution. It involves the process of growing crops in vertically stacked layers by facilitating controlled-environment agriculture to optimise plant growth.

Some advantages of using vertical farming: enhanced productive capacity along with a smaller area of land requirement; reliable and consistent crop production throughout the year as vertical farming doesn't rely on the weather; minimisation of the usage of water resources; and reduction in labour cost and transport cost.

The major challenge of vertical farming in Bangladesh is its affordability towards farmers due to the high cost associated with set-ups and required technologies. The government can initiate the demonstration by providing necessary support for set-ups and required technologies and involving private investors in it.

Drip Irrigation

Drip irrigation system can deliver water and fertilizers directly to the root zone of plants using the pipe known as drippers at the right time with the proper amount to facilitate the optimal growth of plants. This type of micro-irrigation system can ensure efficiency in terms of water usage by saving around 70 per cent of water. It can result in a substantial increase in terms of crop productivity.

The food requirement will be almost twice the existing figure by 2050. To meet the growing requirement, food import might not be a feasible solution considering the current economic context.

Recently, the foreign exchange reserve has declined significantly in Sri Lanka due to food import, forcing the government to declare state of emergency over food shortages. Consequently, the price of basic commodities has risen sharply.

The foreign exchange reserve of Bangladesh stood at \$46 billion as of September this year. In our country, we don't want to experience the same scenario as Sri Lanka did. So, this is the right time to create a roadmap towards digital agriculture.

In Bangladesh, it took 25 years to move from power tiller to tractor technology. Even our harvesting technology is still at its initial stage. Compared to Vietnam, we are lagging behind for 20 years in terms of incorporating harvesting technology.

Still, it will take seven to eight years more to popularise this harvesting technology in our country. Considering this time gap, labour shortage will be aggravated along with the increase in per capita income. The policymakers should take initiatives to expedite the digitisation process of agriculture.

In our neighbouring countries, most of the agro-based apps have been developed by people associated with electrical and computer engineering backgrounds. So, we need to bring personnel stemming from these backgrounds and develop a proper understanding of digital agriculture. Moreover, a combined project can be taken by incorporating both engineering and agricultural universities to facilitate the learning process regarding digital agriculture.

To enable the exchange process, a cross-functional team can be formed by including digital agriculture in the course curriculum. A collaborative wing can be created by incorporating the agriculture ministry and the ICI ministry to initiate the development of digitalisation in the agricultural industry that will monitor and control the execution of policy framework.

Our government can provide funding facilities and technical expertise to the startups that are associated with agri-tech, which will motivate young people to be a part of this digitalisation process. Most importantly, the immediate intervention will have to be ensured by policymakers to digitise agriculture activities for quality output and facilitate sustainable growth in this sector.

The author is executive director of ACI Motors Ltd.

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