

MAJOR POINTS

Groundwater levels deplete by **1.5 metres to 3 metres** annually in and around Dhaka

Tk **65 lakh** is needed to build a reservoir

Green garment factories save **40%** energy and water consumption

Green garment factories meet up to **60%** of non-drinkable water demand from rainwater

Payback period is **7 to 10 yrs**

Bangladesh has **157** green garment factories

Rainwater could meet up to 60pc water demand at garment factories

Finds study of WaterAid and RAIN Forum

STAR BUSINESS REPORT

Harvested rainwater currently meets 15 per cent to 60 per cent of the demand for non-drinkable water at textile and garment factories, helping the industry further its green movement by reducing dependence on groundwater, according to a study released yesterday.

The study, which aims to give a better understanding on the demand and consumption of water in the apparel production process, was jointly conducted by the WaterAid and the RAIN Forum.

Of the 65 textile and garment manufacturers surveyed, 12 units have rainwater catchment areas of 2,000 square metres while the remaining 53 factories have catchment areas ranging from 2,000 to 8,000 square metres.

The annual demand for non-drinkable water in 17 of these factories is 10,000 cubic metres, while it ranges between 10,000 and 50,000 cubic metres in the remaining 48 units.

As such, around 34 of the factories have the potential to harvest 10,000 cubic metres of rainfall while the other 31 could harvest anywhere from 10,000 to 30,000 cubic metres each year, the study said.

Six of these units meet 15 per cent of their demand for non-drinkable water from the harvested rainwater while 59 meet up to 60 per cent of their demand from the same source.

It takes an investment of about Tk 65 lakh to establish a reservoir in the factory area to harvest rainwater, which is mainly used for non-drinking purposes such as washing clothes.

It usually takes about seven to 10 years to recoup this investment as rainwater harvesting is a cost-effective and environmentally efficient way to reduce groundwater usage and save energy.

Bangladesh is currently the global champion in green garment factories with 157 Leadership in Environmental and Energy in Design (LEED)

certified garment units across the country.

These green garment factories have been saving an annual average of 40 per cent on their power and water costs by introducing rainwater harvesting.

"Harvested rainwater even

Rainwater Harvesting, a Sustainable Approach to Water Management".

The WaterAid, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Apparel Youth Leaders Association jointly



meets 100 per cent of the demand for non-drinkable water in some garment factories that do not have dyeing and washing units," said Md Ashraf Alam, member secretary of the RAIN Forum.

Alum made this comment while presenting a keynote paper on the study's findings at a discussion on "Industrial

organised the discussion at The Westin Dhaka, where international retailers and brands, industry leaders, apparel exporters and researchers were present.

BGMEA President Faruque Hassan said he would include the sustainable water management cell in the innovation centre at the

newly constructed BGMEA building in Uttara this year as a part of its efforts to save the environment.

International retailers and brands as well as Bangladesh's development partners always prefer to finance well-established garment units and usually do not care about smaller factories.

"So, small garment factories need more financial assistance to grow but unfortunately, they are not getting the required assistance from anywhere," Hassan said.

Hasin Jahan, country director of WaterAid, said the water level in and around Dhaka city is falling by 1.5 per cent to 3 per cent annually because of the overuse of groundwater. The water levels in the Tejgaon and Mirpur areas of the capital have fallen the most so far.

Similarly, water is not available in the normal tube-wells in areas of Rajshahi due to the falling water levels, she added.

READ MORE ON B3

NBFIs, govt entities now allowed to run MFS operation

STAR BUSINESS REPORT

The Bangladesh Bank yesterday said that non-bank financial institutions and government entities, alongside banks, would be able to run mobile financial services (MFS).

So far in Bangladesh, only banks have been allowed to operate MFS.

The NBFIs and the government entities, however, will have to form a subsidiary to provide MFS, according to a BB guideline.

The parent banks, NBFIs and government entities will have to provide at least 51 per cent of the equity in the subsidiary. The parent entities will have to have a majority in the board.

The minimum paid-up capital requirement of a subsidiary model-based MFS has been set at Tk 45 crore.

READ MORE ON B3

GoZayaan acquires Pakistani travel-tech platform

MAHMUDUL HASAN

GoZayaan has acquired Pakistan-based FindMyAdventure, making it the first travel technology platform in Bangladesh to take over any company beyond its borders.

The local start-up says its expansion overseas was in tune with its aim to play a key role in shaping the future of travel in the South Asian region, paving a path for tech-enabled innovative solutions.

The core reason for acquiring a Pakistani platform is the similarity in geography, internet penetration and user behaviour in terms of travel booking.

For this acquisition, GoZayaan raised an undisclosed amount in extended seed funding backed by existing investors Nordstar Partners,

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No charge on credit cards before activation: BB

STAR BUSINESS REPORT

From now on, no charges or fees can be imposed on customers before the activation of credit cards, Bangladesh Bank said in a notice yesterday.

However, non-transactional charges can be imposed with the customer's consent only after activation of a credit card.

The banking regulator said to have observed banks imposing different types of non-transaction charges, including annual fees and SMS fees, on credit cards even before their activation.

The central bank also issued some other directives on the imposition of non-transaction charges against credit cards. If the credit card does not have any liability related to the customer's transactions, no penalty other than a non-transactional fee or charge can be imposed for late payments.

But under no circumstances interest or profit can be imposed on non-transactional fees.

Besides, the customers cannot be classified for unpaid liability for non-transactional fees.

However, if the credit card transaction liability of the customer is not paid on time, the customer can be classified by following the loan classification and provisioning policy.

Once the credit card bill is fully or partially collected, the non-transactional fees and the customer's transaction liability can be adjusted.

Steps should be taken to identify customers who have been classified for unpaid non-transactional fees, read the notice.



People take home everyday essentials bought at subsidised rates from Open Market Sale trucks of the Trading Corporation of Bangladesh in front of Bangladesh Secretariat yesterday. Cooking oil costs Tk 110 per litre while lentils and onions were priced at Tk 65 and Tk 30 per kilogram respectively. In contrast, kitchen markets in Dhaka were selling those for Tk 158, Tk 100 and Tk 45 respectively. Some 450 trucks are running the operation around the country throughout the week, sans Friday.

PHOTO: ANISUR RAHMAN

BB relaxes policy for NBFI defaulters

STAR BUSINESS REPORT

Bangladesh Bank yesterday gave a remedy to the defaulters of non-bank financial institutions (NBFIs), saying the borrowers could get a waiver of 50 per cent on their interest amount if they repay loans within a year.

However, the defaulters will have to provide a 2 per cent down payment of their bad assets to enjoy the one-time exit policy, according to a Bangladesh Bank notice.

Loans that turned sour before December 31 last year can enjoy the relaxed policy, which allows NBFIs to waive 50 per cent of the interest imposed.

Imposed interest is generated when lenders calculate the amount when loans stay in the unclassified zone and the default categories of

READ MORE ON B3



Airlines and the leasing companies that control billions of dollars worth of passenger jets are drawing up contingency plans for a freeze in business with Russia if the standoff on Ukraine's border boils over into a military conflict. American Airline planes are seen sitting on the tarmac at Miami International Airport in Miami, Florida. PHOTO: AFP

Japan, private sector can help bring investment

Say speakers at webinar on 50 years of Japan-Bangladesh friendship

STAFF CORRESPONDENT, Ctg

Japan and its private sector can play a pivotal role in bringing in investment to Bangladesh and help the country tap opportunities in the time of the fourth industrial revolution, said speakers yesterday.

They termed Chattogram, the gateway of Bangladesh thanks to its strategic geographic position, as the key point of interest for successful implementation of Japan's BIG-B (Bay of Bengal Industrial Growth Belt) objectives and Bangladesh's transformation to become the heart of the regional economy connecting South East and Southwest Asia.

They were addressing a webinar titled "Celebrating 50 years of Japan Bangladesh Friendship and looking forward to a prosperous future".

The Chittagong Chamber of Commerce and Industry (CCCI), the Japan External Trade Organisation (Jetro), Dhaka and the Japan Bangladesh Chamber of Commerce

and Industry (JBCCI) jointly organised the webinar to mark the 50 years of the friendship between the two countries.

Speaking at the programme, Information and Broadcasting Minister Hasan Mahmud hoped that Japan which remained the trusted friend of Bangladesh in its socio-economic development for the last 50 years would continue to extend its cooperation to help the country elevate to a higher middle-income nation by 2031 and to a developed nation by 2041.

Termed Japan as the largest destination of Bangladesh products in Asia, Mahmud said, "At present, Bangladesh mostly exports RMG and leather goods to Japan where we have the opportunity to export more items."

He said Japanese investment in Bangladesh will grow more and more as the special economic zone is ready at Araihaazar of Narayanganj.

Ambassador of Japan to Bangladesh Ito Naoki said the friendship and cooperation between Bangladesh and

Japan can become more robust.

Japan would cooperate for early repatriation of Rohingya people staying in Bangladesh, he said.

Naoki hoped to organise the Bay of Bengal Growth Summit at Chattogram once the pandemic is over.

CCCI President Mahbulul Alam said mega infrastructure projects are being implemented in Chattogram, including the expansion of the Chittagong port's capacity, setting up of special economic zone in Mirsarai and Matarbari deep seaport.

They would be a game-changer in transforming Chattogram into a trans-shipment hub in the region, he said.

He stressed the need for raising private sector investment exponentially to truly utilise these infrastructures.

"And for investments to grow in the time of the 4th Industrial revolution, we need strong technical know-how and experience, where Japan and its private sector can play the pivotal role by bringing technology and experience of large-scale industrialisation."

Teruo Asada, chairman of the Japan-Bangladesh Committee for Commercial and Economic Cooperation, said presently, more than 300 Japanese companies are operating in Bangladesh. Japanese companies are expected to significantly expand their businesses.

Hikari Kawai, president of the Japanese Commercial and Industry Association in Dhaka, said the organisation had 12 Japanese companies as members in 1972. Now, the number of members is 120 companies.

Every year, more companies are becoming active in Chattogram and its surrounding areas such as Matarbari and Mirsarai, Kawai said.

Kazuya Nakajo, executive vice-president of the Jetro headquarters in Tokyo, said Bangladesh can be an attractive destination by upgrading the geographical function of Chattogram and Matarbari to a value chain hub between India, South Asian nations, the Asean and Japan.

"Business environment is very important."

Stocks extend losses

STAR BUSINESS REPORT

The key index of the Dhaka Stock Exchange (DSE) dropped for the second consecutive day yesterday as cautious investors booked profits.

The DSEX, the benchmark index of the DSE, fell 23 points, or 0.33 per cent, to close the day at 7,036. Losers took a strong lead against gainers, as out of 379 issues traded, 112 advanced, 221 declined and 46 remained unchanged.

The selling spree of the cautious investors to liquidate some positions sharply pushed the stock prices down, said International Leasing Securities Ltd in its daily market analysis.

"However, the bargain hunters were active on selective stocks over the session to pick their preferred ones at a lucrative price."

Turnover fell 1 per cent to Tk 1,231 crore.

Among the sectors, engineering, jute, travel and leisure recorded the highest price appreciation, while general insurance, information technology and financial institutions saw the highest price correction.

The investors' activity was mostly concentrated on tannery, pharmaceuticals, chemicals, and engineering sectors, said ILFS.

Fortune Shoes was the most-traded stock on the day with its shares worth Tk 253 crore transacted, followed by Beximco Ltd, Rahima Food Corporation, Bangladesh Shipping Corporation, and Orion Pharmaceuticals.

Apex Foods topped the gainers' list rising 9.96 per cent. BD Autocars, Bangladesh Monospool Paper Manufacturing, Tamijuddin Textile, and Kay & Que also rose sharply.

Bangladesh National Insurance shed the most, slipping 5 per cent followed by Green Delta Insurance, Meghna Pet Industries, Takaful Insurance, and Reliance Insurance.

MTB Foundation, BizCare team up to aid 'The Mangrove Children' project

STAR BUSINESS DESK

MTB Foundation signed a partnership agreement with BizCare, a consultancy and IT, computer and network service provider, to support "The Mangrove Children" project.

Mohiuddin Babar, chief executive of BizCare, and Samia Chowdhury, chief executive officer of MTB Foundation, exchanged signed documents of the agreement at the bank's corporate head office in Gulshan, Dhaka recently, a press release said.

The partnership between MTB Foundation and BizCare will help run the eco-library and add solar-powered facilities in the school premises.

The project aims to raise awareness about the importance of protecting the Sundarbans through environmental care, forest conservation, adaptation to climate change and waste management among the students of Kolbari Nekjania Secondary School in Munshiganj under Shyamnagar upazila in Satkhira.

Syed Mahabubur Rahman, managing director of Mutual Trust Bank, Rais Uddin Ahmad, deputy managing director, and Malik Muntasir Reza, group company secretary of the bank, were present.



Mohammed Monirul Moula, managing director of Islami Bank Bangladesh Ltd (IBBL), receives a cheque worth Tk 46 lakh from Dewan Nurul Islam, vice-chairman of Padma Islami Life Insurance Ltd, for the life insurance of nine-deceased employees of the bank at an insurance claim settlement ceremony at the Islami Bank Tower in Dhaka yesterday. Humayun Bokhteyar, chairman of claim committee at the insurer, Morsed Alam Siddique, chief executive officer, Muhammad Qaisar Ali and Md Omar Faruk Khan, additional managing directors of the lender, were present. PHOTO: IBBL



Syed Waseque Md Ali, managing director of First Security Islami Bank Ltd (FSIBL), virtually inaugurates the bank's four sub-branches -- Baunia Bazar sub-branch in Dhaka's Uttara, Osmania Puler Gora sub-branch in Chattogram's Mohra, Barinagar sub-branch, in Jhenaidah's Barobazar and Jhauadanga Bazar sub-branch in Satkhira's Kalaroa -- across the country yesterday. Abdul Aziz, Md Mustafa Khair, additional managing directors, Md Zahurul Haque and Md Masudur Rahman Shah, deputy managing directors, were present. PHOTO: FSIBL

Supply chain matters

FROM PAGE B4

back to normal levels outside of Japan, while at home they could do it two months earlier.

It learned from that episode, and completely revamped its policies which enabled them to maintain a steady pace of production. In the aftermath of the earthquake, Toyota estimated its procurement of more than 1,200 parts and materials might be affected and it drew up a list of 500 priority items, including semiconductors, for which it would need secure supply.

It decided to stockpile those critical components. This was completely the opposite of the policy known as 'just-in-time' (JIT) that Toyota pioneered and had been practising for decades.

The fundamental concept of JIT was to supply various items and components to its factories as and when they require. As a result, it did not have to maintain any inventory of parts or materials. JIT was so successful that Toyota emerged as an industry leader for efficiency and quality.

However, after the 2011 catastrophe, it came up with a plan

that required suppliers to stockpile anywhere from two to six months' worth of chips, depending on the time it takes from order to delivery. That's how Toyota has so far been largely unscathed by a global shortage of semiconductors.

We can learn a lot from Toyota's experience of managing its complex supply chain. It was quite evident that smooth supply of raw materials, managing inventories and above all, managing the entire supply chain are becoming critically important for organisation's success, especially in the backdrop of an extremely volatile and uncertain environment. However, one has to remember that more inventory means more pressure on working capital. Therefore, we just can't and shouldn't build inventory for each and every item indiscriminately.

In order to have informed and prudent decisions, there should be complete visibility on our tier-1 suppliers. This would help companies maintain proper inventory. Organisations have to be always alert and be flexible in terms of coping with any kind of disruptions.

According to a McKinsey report, the supply chain has become one of the key CEO agendas in the last 18 months. Earlier, it was always seen as necessary but not really that critical. It's only visible if things go wrong.

Nowadays, the supply chain has become more and more important because it's the most cross-functional part of any business. It involves sales and marketing, finance, manufacturing, and procurement. To really get the end-to-end supply chain, the whole organisation has to work together.

Organisations need to think about the supply chain as a clear enabler for their success. They need to invest in resilience to make sure that the supply chain can deliver as it's meant to do. No wonder one of the top business leaders commented, "You know, availability is this year's innovation. If you have a product on the shelf, that's better than any new product introduction that's coming along."

The author is chairman and managing director of BASF Bangladesh Ltd. Views are personal.

Britain unemployment rate steady

AFP, London

The UK's unemployment rate remained steady at the end of last year despite the emergence of the Omicron variant of the coronavirus, official data showed on Tuesday.

The figure stood at 4.1 per cent in the three-month period ending in December, the same as the previous quarter, according to the Office for National Statistics.

The rate was lower than the period ending in September, when it was at 4.3 per cent, but it is still slightly over its pre-pandemic level.

The discovery of Omicron in late November raised concerns about its potential effects on the global economy as countries restored some travel restrictions, but the highly infectious variant has proven less deadly than its predecessors.

India bans 54 Chinese apps

REUTERS

India has blocked access to 54 mobile apps, mainly Chinese but also including Singapore-based Sea Ltd's Free Fire game, over security concerns, government sources said on Tuesday, a day after Sea shares sank 18 per cent on a report of the ban.

India has banned a total of 321 apps since political tension first flared with China in 2020 following a border clash between the nations, leading the former to initially ban 59 Chinese apps, including Tik Tok.

Sea, backed by Chinese gaming giant Tencent which owns nearly 26 per cent, said on Tuesday it is a Singapore company and committed to protecting its users' privacy and security in India and globally.

"We comply with Indian laws and regulations, and we do not transfer to or store any data of our Indian users in China," it said in a statement to Reuters. Tencent did not immediately respond to a request for comment.

In premarket US trading on Tuesday, Sea's shares were up 4 per cent above \$134. Shares of Sea had plunged 18.4 per cent in New York on Monday, wiping more than \$16 billion from its market value following reports of the latest ban.

Asked about the ban at its annual general meeting on Monday, Sea told shareholders the firm was "working through it", according to one person who attended the meeting.

The other apps banned include Tencent Xriver, Barcode Scanner - QR Code Scan, Rise of Kingdoms: Lost Crusade and Viva Video Editor.

India believes user data was being sent via the apps to servers in China, the government source, who sought anonymity in line with policy, told Reuters.

Such collection would allow the data to be mined, collated, analysed and profiled, potentially by "elements hostile to the sovereignty and integrity of India and for activities detrimental to national security," the source added.

BB specifies stock market investment tools for NBFIs

STAR BUSINESS REPORT

With the objective of removing ambiguity, the Bangladesh Bank yesterday specified the instruments where non-bank financial institutions' investment would be considered while calculating their stock market exposure.

The central bank said the Financial Institutions Act 1993 fixed the highest ceiling of investment by the NBFIs in shares of other companies. But it was not specified which instruments would be considered as stock market investment, said the Bangladesh Bank.

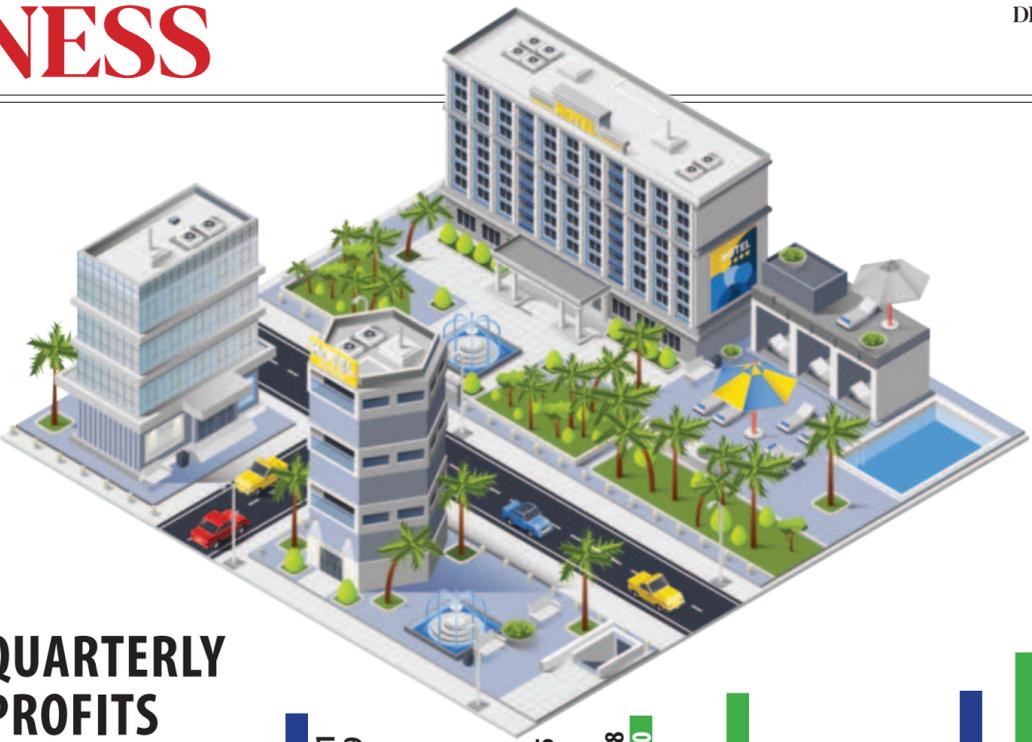
Citing the issue, the central bank said all listed shares, debenture, corporate bonds, mutual funds and other products at market prices shall be considered as share market investment for the NBFIs.

The finance that was given to any stock investment-related fund will be considered as the stock market investment

At the same time, the outstanding balance of loans given by the NBFIs to their subsidiaries and associated companies directly or indirectly engaged in the capital market will be considered as the stock market investment.

The amount of loans the NBFIs have lent to other companies that are dealing with the stock market will also be included in the exposure, according to the BB. The finance that was given to any stock investment-related fund will be considered as the stock market investment.

However, the equity investment of its subsidiary companies, long-term equity investment or venture capital and the shares of the Central Depository Bangladesh Ltd and stock exchanges would not be counted as the capital market investment, the central bank said.



QUARTERLY PROFITS OF LISTED HOTELS

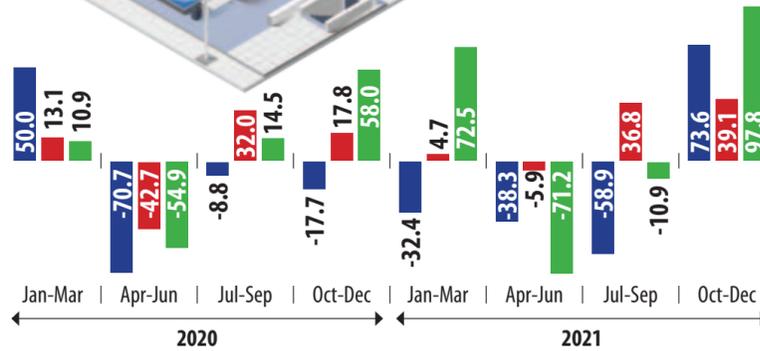
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UNIQUE HOTEL

PENINSULA

SEA PEARL

SOURCE: FINANCIAL STATEMENTS



Luxury hotels relieved of pandemic pinch

Tourism picking up for relaxed restrictions

AHSAN HABIB

The luxury hotel business in Bangladesh bounced back strongly in the first half of the current financial year as people have started to travel and host public events with the easing of coronavirus restrictions.

Among three listed hotel companies, two logged higher profits and one returned to profits in the last six months.

"Many countries are not taking tourists amid the Covid-19 pandemic, so they are rushing to domestic sites instead," said Md Azaharul Mamun, company secretary of Sea Pearl Beach Resort and Spa Ltd.

The Royal Tulip Sea Pearl Beach Resort and Spa, a luxury hotel located on the Inani beach of Cox's Bazar, saw a profit of around Tk 8.69 crore in the last six months, up 20 per cent year-on-year.

"As the Royal Tulip, a concern of Sea Pearl Beach Resort and Spa, is located where there are no other big hotels, we were able to attract more tourists," he added.

Other than Cox's Bazar, tourists are also flocking to destinations in Sylhet and

Kuakata, among others.

Mamun said the number of corporate events taking place at their hotels was higher before the Omicron variant of Covid-19 led to a fresh wave of infections and subsequent restrictions on public gatherings.

"So, individual tourists were the main guests in recent times," he said.

Unique Hotel and Resorts Ltd, which operates The Westin Dhaka, registered profits of Tk 1.47 crore in the last six months. It had incurred losses of Tk 2.65 crore during the same period in 2020-21.

Similarly, profits of The Peninsula Chittagong rose to Tk 7.59 crore, up 52 per cent year-on-year.

"After the initial waves of the pandemic, the tourism business bounced back stronger than expected," said Javed Ahmed, chief executive officer of the Bangladesh Tourism Board.

"As a result, we saw more than two crore tourists before the spread of the Omicron variant," he added.

The reason behind the large turnout of

tourists is that even those who normally travel outside the country were unable to do so in recent times as borders across the globe were closed to prevent the spread of Covid-19.

The Omicron variant had a similar effect in Bangladesh as the number of tourists receded in recent months.

"But, now the occupancy ratio is rising again," Ahmed said.

A top official of a Dhaka-based luxury hotel, preferring anonymity, told The Daily Star that its business was badly impacted by the pandemic.

"But after the situation started improving and corporate programmes resumed, the occupancy at our hotel recovered 60-65 per cent of the pre-pandemic level," he said.

However, many companies are now cancelling bookings as they are holding programmes online amid the fears of the Omicron variant.

"We are feeling the impact again.

However, the situation is still better than in the initial stage of the pandemic," he added.

GoZayaan acquires Pakistani

FROM PAGE B1

DST Global Managing Partner Saurabh Gupta and PAYBACK Founder Alexander Rittweger.

Its \$2.6 million seed round closed last year led by Wavemaker Partners and joined by venture capital firms Ratio Venture, 1982 VC, Iterative, Century Oak Capital along with current and former Airbnb executives.

Go Zayaan's pre-seed funding was raised from Brac Osiris Impact Ventures.

"Bangladesh has the potential to create not just local, but also regional or global companies. We are going to try exactly that," Ridwan Hafiz, CEO of GoZayaan, told The Daily Star.

"This unlocks a total addressable market for us which is massive because together, Bangladesh and Pakistan constitute 5 per cent of the world's total population. We said we were going to create the future of travel; well, the future starts now," he said.

The acquisition also signals a boom in new travel agencies in the South Asian market, it said in a statement.

GoZayaan's plan is to cater to more customers with a better user experience and technological support and offer more digital solutions to make travel more

convenient.

STORY OF GOZAYAAN

Travelling to several countries, Hafiz realised that the destinations could use a wide range of services through online platforms such as Expedia, Booking.com and Klook – services that are unavailable in Bangladesh.

When travellers in Bangladesh book a trip through offline agencies, they miss out on two elements – control over customising their travel and the lack of clear-cut information.

In August 2017, Ridwan founded Go Zayaan to address this void and put travellers in charge of their travel plans. It has since been trying to build up an end-to-end automated travel booking system.

"Bangladesh has a huge potential in the travel market. However, a big chunk of the industry is dominated by offline agencies," said Hafiz.

"GoZayaan's goal is to bring a shift in this market by converting the market from offline to online with innovative tech-driven solutions."

The main products of GoZayaan are booking domestic and international flights and hotels and inter-city bus tickets and arranging local tours. Its supporting services include booking Covid-19 tests for

international travellers and arranging travel loans and insurance.

On how the pandemic affected the overall travel-tech market, he said it was devastating for Bangladesh's travel industry.

Industry insiders reported a drop in business of more than 50 per cent with hotels, transportation and travel companies barely being able to stay operational.

"However, the company's passion for solving problems through rapid technology adoption was proven when it saw near 10 times growth over the year 2021 – a time when tourism was at its lowest due to the pandemic," said Hafiz.

He said GoZayaan took the pandemic as an opportunity, finding out that people in Bangladesh had become more inclined at travelling around the country.

GoZayaan capitalised on this.

It partnered with over 400 hotels across the nation, on-boarded inter-city bus firms and brought about tours in prominent tourist destinations.

The company has all the domestic airlines – Novoair, US-Bangla Airlines and Biman Bangladesh Airlines – on its platform.

Starting with only five employees, it now employs about 100 people.

NBFIs, govt entities

FROM PAGE B1

The banks that are now running MFS operations with the approval of the BB will continue under their existing structure without forming a subsidiary company. But, they will also be allowed to form the subsidiary.

The latest central bank guidelines will help the Bangladesh Post Office (BPO), which is now running MFS under the brand name of Nagad, take licence for its subsidiary, a central bank official said.

The government has taken an initiative to amend relevant laws so that the BPO is permitted to take the licence from the central bank for the company, he said.

Contacted, four central bankers, who are working at the BB departments responsible for drawing up policies for NBFIs and MFS, said that more legal clarities would be needed before giving any comment on whether NBFIs could run MFS in line with existing laws.

As per the Financial Institutions Act, 1993, NBFIs are barred from taking demand deposits

from clients.

Demand deposits mean a lender has to provide funds to the depositors instantly if they want to withdraw their money.

Clients have to keep fixed deposits at NBFIs for at least three months. If they want to withdraw the funds, prior approval from the central bank will have to be needed.

But funds kept at MFS are considered demand deposits, the BB officials said.

Existing regulations said that a subsidiary company that runs MFS is not permitted to take loans from banks or other entities against the funds kept at the trust-cum-settlement accounts (TCSAs).

The MFS providers' clients usually do not spend all of their money immediately after funds were deposited in the accounts. The unused funds are collectively large. Such accounts are considered as TCSAs.

The TCSAs would act as custody accounts where the legal tender is stored against the issuance of e-money by the MFS and e-money service providers.

Rainwater could

FROM PAGE B1

Tanzida Islam, programme manager for environment at H&M, said 50 per cent of the company's local apparel sourcing factories are expected to build rainwater harvesting infrastructures by the end of 2022.

As of last year, 45 per cent of H&M's 105 sourcing factories in the country

had already built rainwater harvesting infrastructures, saving 0.2 million cubic metres of rainwater.

Shamima Akhter, head of corporate affairs of Unilever Bangladesh, said rainwater currently accounts for about 21 per cent of the water usage at their Kalurghat factory but the target is to raise it to 79 per cent.

Fed's credibility 'on the line' amid US inflation spike

AFP, Washington

The Federal Reserve needs to accelerate the pace of interest rate increases to fight inflation, but can do so in a way that doesn't roil financial markets, St. Louis Fed President James Bullard said Monday.

"Our credibility is on the line here," Bullard said on CNBC. After consumer prices saw their biggest jump in 40 years in January, he said the Fed should "front load" its actions and raise the benchmark borrowing rate to one percent by July.

Bullard, a voting member of the Fed's policy-setting committee, caused a sharp reaction in markets last week with similar comments on the need to remove stimulus provided to the US economy during the Covid-19 pandemic.

The consumer price index in January jumped 7.5 per cent compared to a year earlier, its largest increase since 1982.

Bullard said the data capped four months of worrisome reports indicating that "inflation is broadening and possibly accelerating in the US economy."

"We've been surprised to the upside on inflation. This is a lot of inflation in the US economy," he said.

However, the New York Fed released

a survey Monday showing consumer inflation expectations dropped for the first time since October 2020.

The data showed median expectations for inflation a year ahead fell to 5.8 per cent in January from 6.0 per cent in December, the New York Fed said. That remains well above the central bank's two-percent target and far higher than officials had hoped to achieve as the supply chain snarls caused by the pandemic recede.

Bullard said he would try to convince his colleagues at the central bank of the need to move quickly on interest rates, but defer to Fed Chair Jerome Powell.

"I do think we need to front load more of our planned removal of accommodation than we would have previously," he said.

"However, I think we can do it in a way that's organized and not disruptive to markets."

The Fed's next policy meeting is set for March 15-16, and some economists say the central bank could even make an aggressive, half-point increase to signal its determination to contain rising prices.

But policymakers could achieve Bullard's desired rate with more modest quarter-point increases at each of the next four meetings, including in late July.

Soaring shipping costs weigh on businesses

STAR BUSINESS REPORT

Businesses dependent on the import of raw materials are facing increasing shipping costs, which are fuelling their cost of production, and the burden is being passed onto consumers, resulting in a hike in prices.

Cement makers claim the soaring freight costs alongside intense competition was forcing them to incur losses.

The shipping cost was \$17 per tonne just a month ago and it has increased to \$24 per tonne, said Md Alamgir Kabir, president of the Bangladesh Cement Manufacturers Association (BCMA). This has had factories doling out more money into production, the BCMA said in a statement, adding that it would not be possible for cement makers to sustain losses for a long time.

In another development, the cost of locally transporting raw materials and finished goods has increased significantly due to a recent rise in fuel prices, said Kabir.

Under the circumstances, cement companies are trying to increase prices. Without the adjustment, the cement sector will incur huge losses, he said.

Taslim Shahriar, senior assistant general manager of the Meghna Group of Industries (MGI), said the freight rates were unstable.

The shipping cost of soybean seeds from Santos, Brazil to Chattogram was \$55 per tonne last month but it began to rise alongside oil prices amidst tension over the build-up of Russian troops at the Ukraine border.

Currently, it is around \$60 per tonne, he said.

"Any global crisis is alarming for an import-dependent country like us," he said, urging the government to remain active in preventing disruptions to the shipment of commodities by the exporting countries.

Meanwhile, the shipping cost of scrap steel in bulk has increased threefold over the past year, said Tapan Sengupta, deputy managing director of BSRM.

Abul Bashar Chowdhury, chairman of BSM Group, a commodity importer, said soaring shipping costs would lead prices of commodities to spiral.

Brac Bank to provide services to ISPAB

STAR BUSINESS DESK

Brac Bank recently signed an agreement with the Internet Service Providers Association of Bangladesh (ISPAB) over financing its members.

Syed Abdul Momen, deputy managing director of the bank, and Md Emdadul Hoque, president of the ISPAB, signed the deal at the lender's head office in Dhaka, said a press release.

"(It) would pave the way for a phenomenal growth in the sector," said Momen.

"...we will now be able to expand broadband network," said Hoque.

Alomgir Hossain, head of small business (east) at the bank, and Mahmud Shahed, executive director of the ISPAB, and Nazmul Karim Bhuiyan, secretary general, were present.

BB relaxes policy for NBFIs

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sub-standard and doubtful loans. However, NBFIs can waive the entire uncharged and penal interests imposed on defaulters.

Lenders usually calculate unapplied interest on the funds that fall in the bad category of default loans.

Non-banks cannot consider the bad assets that will be waived under the exit facility as unclassified

loans.

The interest amount to be waived will be transferred to a block account.

The defaulters will enjoy the waiver after they repay the entire amount of the bad loan, excluding the waived interest, within a year.

The relaxed repayment facility will be annulled if the defaulter fails to pay back the loan on time.

Defaulters will have to apply to NBFIs to take the one-time exit by April 30. NBFIs will have to take the decision to provide the support to defaulters within the two months after applications are filed.

Non-performing loans in the country's 34 NBFIs stood at Tk 11,757 crore as of September last year, up 17 per cent from nine months ago.

WB economist warns of dangers of ignoring growing debt

AFP, Washington

Delays in dealing with the growing debt burden in poor countries seems unlikely to be resolved by the G20, a top World Bank official warned.

As interest rates are starting to rise around the world, putting more pressure on borrowers, the Group of 20 finance ministers are due to meet in Indonesia this week.

But World Bank chief economist Carmen Reinhart is skeptical there will be a resolution soon to help address unsustainable debts.

"The stalling is really, really problematic," she told AFP in an interview. She warned that the average length of a government debt crisis is nine years, which would create a "lost decade" for already vulnerable countries.

World Bank chief economist is skeptical there will be a resolution soon to help address unsustainable debts

During the Covid-19 pandemic the G20 put in place a debt service suspension initiative to help countries as they ramped up borrowing to deal with the twin health and economic crises, but that program ended in December.

And the so-called common framework meant to offer a way to restructure large debt loads, remains subject to uncertainty, and only three countries – Chad, Ethiopia and Zambia – have requested a negotiation.

The problem, Reinhart said, is "These little countries are not systemic. They not going to make or break the global outlook."

"So unfortunately, it means they can easily slip into backburner territory and remain on the backburner."

Advanced economies offered debt forbearance to help countries that already had high poverty and low per capita income, deal with the pandemic, but she said "the damage is still ongoing."

Asked if she expected another push to deal with the debt issue at the G20 this week, the official said, "I hope that they do. But I am not optimistic."



Shahin Hossain, a farmer in Mohipur village of Gangachara upazila under Rangpur district, used to produce tobacco on his land in the past. This year, he has switched to sunflower cultivation like many other farmers in the region who grow the crop in the char areas of the Teesta river. The photo was taken recently.

PHOTO: KONGKON KARMAKER

Sunflower overtakes tobacco in Rangpur as farmers switch cash crops

KONGKON KARMAKER

Sunflower cultivation in Rangpur is expanding as farmers in all eight upazilas in the district are opting for the oilseed crop considering its higher profitability compared to tobacco.

Tobacco had been one of the main cash crops in the northern district for decades due to its higher demand both at home and abroad. But since commercial sunflower farming began on a tiny piece of land in the region in 2018, the cultivation has increased manifold.

At least 140 hectares of land has been brought under sunflower cultivation in the eight upazilas this year, according to local officials of the Department of Agricultural Extension (DAE) in Rangpur.

As such, agricultural experts in the district are beginning to see the potential of sunflower cultivation as farmers are producing the crop on char land in the Teesta basin, especially the Gangachara and Kaunia upazilas.

Md Obaidur Rahman Mondal, deputy director of the DAE in Rangpur, says sunflowers are being grown all over Rangpur but the farming area is considerably higher in Taraganj upazila.

Just this year, five farmers of Gangachara left tobacco cultivation to grow sunflowers in the Teesta basin.

Anu Mia, a local farmer, previously grew tobacco and other crops such as maize and mustard plants on his leased land. Now, he cultivates sunflowers on four decimals of

land along the sandy bed of the Teesta river in Mohipur village of Gangachara.

After witnessing Anu's healthy yields last year, other farmers started switching towards sunflower cultivation.

"I earned a profit of Tk 15,000 from sunflower cultivation last season," said Anu.

Sunflower cultivation requires fewer input costs such as labour. Besides, there is a higher domestic demand for sunflower seeds as they can be used to make edible oil as well as bird feed.

Sunflower cultivation requires fewer input costs such as labour. Besides, there is a higher domestic demand for sunflower seeds as they can be used to make edible oil as well as bird feed

In contrast, traditional tobacco cultivation is back-breaking work as farmers need to spend most of their day working in the field, making muscle pain and fatigue common ailments among them, he added.

During a recent visit to Gangachara, this correspondent found a number of farmers cultivating sunflowers on about 15 decimals of land.

One of them, Shahin Hossain, said they all used to produce tobacco on their lands

in the past. But they have dropped the crop to make way for sunflower cultivation this year.

Bilkis Begum, another farmer, has spent Tk 50,000 for seed, land, labour and other inputs to cultivate sunflowers. She hopes to make healthy profits.

DAE Deputy Director Mondal said his organisation has been encouraging farmers to cultivate sunflowers as the domestic demand for edible oil has increased in the last couple of years due to its multiple health benefits.

October 15 to November 15 is the optimum time to sow sunflowers, which can be harvested within 120 days of planting.

The DAE official went on to say that he spoke with a sunflower edible oil producing company in Dhaka that agreed to buy seeds from farmers in Rangpur and its surrounding districts.

Last year, farmers sold their produce at Tk 70 per kilogramme.

"We are expecting that farmers would get a similar rate this year," Mondal said, adding that tobacco cultivation in Rangpur has declined for various reasons.

Tobacco was farmed on 6,707 hectares of land in the district in 2008-09. The acreage has dropped to 1,855 hectares this year.

"The area could be even lesser in the coming years," Mondal added.

Farmers in other districts, including Nilphamari, Kurigram and Dinajpur, are also cultivating sunflowers.

Supply chain matters – the Toyota story

SAZZADUL HASSAN

General Motors, popularly known as GM, had been the largest seller of vehicles in the United States from 1931 to 2020. The Detroit-based automaker dethroned Ford back in 1931 to clinch the number one position. To the surprise of many, GM's 90-year-long glorious streak as the top US car seller ended in 2021 when the Japanese auto giant Toyota outsold them.

According to industry data, GM sold 2.22 million vehicles in the US last year, a decline of 12.9 per cent compared to 2020. Toyota sold 2.33 million vehicles, up 10.4 per cent.

The difference in sales between the two competitors was 114,034 vehicles.

Readers might have started to think what the underlying reason was behind this unprecedented feat of Toyota? Was it for the launch of novel products? Aggressive pricing strategy? Wider distribution coverage? Or compelling marketing campaigns? Surprisingly, none

of these factors was the reason that helped Toyota reach the top position in the US auto market. This historic swap in position happened because Toyota was smarter than GM in terms of managing supply chain issues better. Wondering how?

A computer chip, also known as a semiconductor, is one of the key components of a vehicle. For the last couple of years, there have been acute shortages of this chip to meet industry demand. Consequently, many companies like GM, Ford, Volkswagen, Volvo and Honda had to slow down or temporarily halt their production.

This crisis had, in fact, started prior to the pandemic because of the rise in 5G, which significantly increased the demand for semiconductors putting

huge pressure on the suppliers to keep pace with the demand. The decision by the US to prevent the sale of semiconductors and other technologies to Chinese tech giant Huawei worsened the situation.

Chipmakers outside the US were quickly flooded with orders from the Chinese firm. Only two companies in Asia – Taiwan's TSMC and South Korea's Samsung – manufacture as much as 70 per cent of the world's semiconductors.

Data showed globally semiconductor sales declined between 2018 and 2019, but by 2020, sales grew 6.5 per cent. This rapid growth continued in 2021.

One of the major drivers for the rise in the demand for semiconductors in the auto industry was the adoption of technologies such as driver assistance systems and autonomous driving. According to Intel, this critical component will account for more than 20 per cent of the input costs for new premium cars, up from 4 per cent in 2019.

Analysts say Toyota was the only automaker prepared to deal with chip shortages. It was not because it sensed it earlier that there would be supply constraints and the coronavirus pandemic would hit the world like a bolt from the blue, but because it, along with the entire Japanese car industry, went through a similar ordeal after the devastating Tohoku earthquake of 2011. The repercussions of the disaster were so severe it took six months for Toyota to get production

READ MORE ON B2



Nowadays, the supply chain has become more and more important because it's the most cross-functional part of any business

Japan's economy rebounds on solid spending

REUTERS, Tokyo

Japan's economy rebounded in the final three months of 2021 as falling coronavirus cases helped prop up consumption, though rising raw material costs and a spike in new Omicron variant infections cloud the outlook.

Bank of Japan Governor Haruhiko Kuroda also highlighted escalating tensions in Ukraine as a fresh risk to the central bank's forecast for a moderate economic recovery.

The world's third-largest economy expanded an annualised 5.4 per cent in October-December after contracting a revised 2.7 per cent in the previous quarter, government data showed on Tuesday, falling short of a median market forecast for a 5.8 per cent gain.

Some analysts expect the economy to slump again in the current quarter as rising Covid-19 cases keep households from shopping and supply chain disruptions hit factory output.

"The economy will likely stall in January-March or it could even contract, depending on how the Omicron variant affects service sector consumption," said Takeshi Minami, chief economist at Norinchukin Research Institute.

Economic growth was driven largely by a 2.7 per cent quarter-on-quarter rise in private consumption, which accounts for more than half of Japan's gross domestic product (GDP).

The expansion in consumer spending, which was bigger than market forecasts for a 2.2 per cent gain, came after Japan ended coronavirus curbs in October.



The Japanese auto industry helped propel the country out of its economic doldrums.

PHOTO: REUTERS

German investor morale rises

AFP, Frankfurt

Confidence among investors in Germany grew in February, according to figures published Tuesday, in spite of rising tensions with Russia over Ukraine and lingering supply chain issues.

The ZEW institute's monthly barometer measuring economic expectations climbed 2.6 points to 54.3 after rising sharply in January by 21.8 points. Investors' assessment of the current economic situation also advanced slightly by 2.1 points to minus 8.1, despite recent disappointing growth figures.

"The economic outlook for Germany improved again in February despite growing economic and political uncertainty," ZEW president Achim Wambach said in a statement.

Grounds for positivity was the expectation amongst investors, allowing an economic recovery in the first half of 2022, Wambach said.