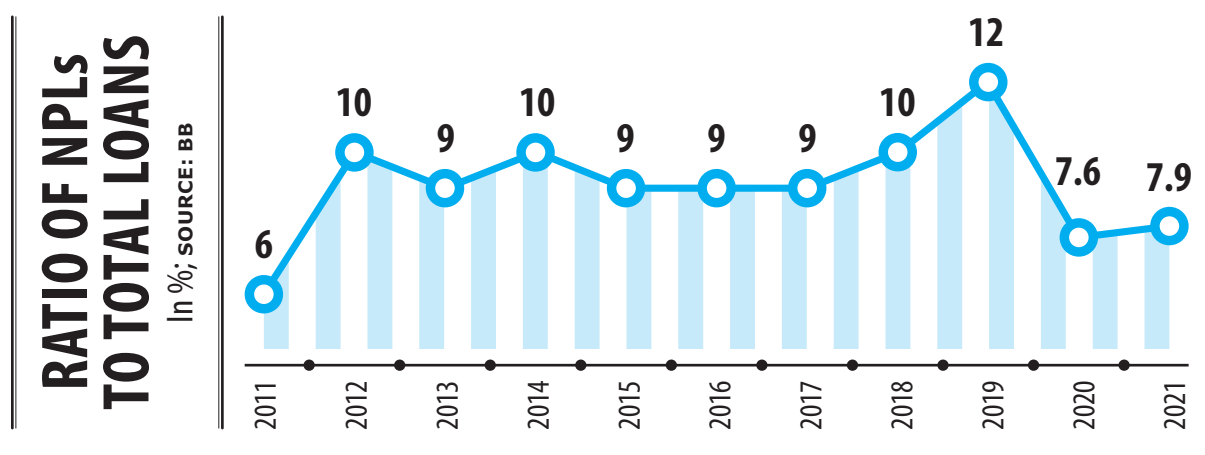
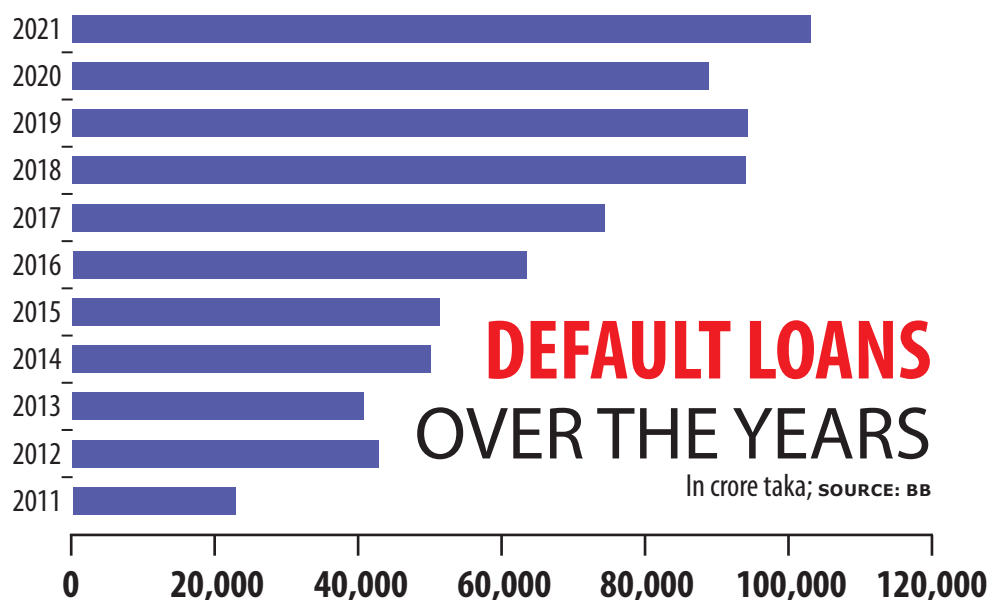


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**WHAT EXPERTS SAY...**

- Many clients unable to utilise BB's relaxed policy
- Business slowdown caused by pandemic fuelled default loans
- Short-term policy measures do not help reduce NPLs
- Political influence should be disregarded while sanctioning loans
- Banks' boards should be made accountable

## Relaxed policies fail to bring down bad loans

Default loans rose 16.38pc in 2021

AKM ZAMIR UDDIN

Default loans in the banking sector surged 16.38 per cent year-on-year to Tk 103,274 crore in 2021, rendering the relaxed loan classification policy unveiled by the Bangladesh Bank largely ineffective.

So, analysts have urged the central bank to take long-term policy measures in order to rein in non-performing loans (NPLs) instead of putting in place short-term steps.

The central bank earlier took various measures, including relaxing the loan rescheduling and classification policies, to get rid of NPLs. But the measures have proved to be ineffective and have not brought any good for the banking sector.

The ratio of NPLs to outstanding loans and advances stood at 7.9 per cent last year in contrast to 7.6 per cent in 2020, according to the BB data released yesterday.

A BB official says that borrowers enjoyed policy support in 2020 and 2021 as the government stepped up to help them withstand the impacts of the pandemic.

For instance, the central bank declared a moratorium facility for borrowers throughout 2020 that helped

reduce NPLs to Tk 88,734 crore, down 6 per cent from 2019.

The relaxed policy continued last year as well.

Under the policy, borrowers were also allowed to avoid slipping into the default zone in exchange of giving only 15 per cent of the total instalments payable last year.

The central bank official says that some borrowers had early filed writ petitions with the High Court so that their loans were not shown as classified. But, the High Court later vacated the petitions following submission of pleas from lenders. As a result, classified loans rose.

Sadiq Ahmed, vice-chairman of the Policy Research Institute of Bangladesh, said that the business slowdown emanating from the pandemic was one

of the factors for the rise in NPLs.

"We have to make concerted efforts to reduce bad loans. Short-term policy measures have not brought down NPLs. The authorities should take measures on a long-term basis," he said.

Politically linked influential persons frequently intervene in the loan sanction process of banks, causing the health of banks to worsen, said Ahmed. "Such interventions should be stopped in order to ensure corporate governance in the banking sector."

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said that default loans might increase further in the second quarter of 2022 as the impact of the withdrawal of the relaxed loan classification policy would take hold.

He said that many clients had not

### BANKS WITH HIGHEST RISE IN DEFAULT LOANS

(As of Dec 2021) SOURCE: BB

Bank	2020	2021
National	2,085	5,956
Agrani	5,859	7,756
Rupali	3,972	5,274
IFIC	1,035	1,813
UCBL	898	1,656

used the relaxed policy, so banks were compelled to classify a good portion of loans.

"In addition, some habitual defaulters had not repaid instalments despite repeated attempts from banks. We have to speed up our loan recovery programme in the coming days to decrease NPLs."

Some borrowers who rescheduled their default loans before the pandemic were unable to repay the fund, according to Emranul Huq, managing director of Dhaka Bank.

The private commercial bank

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## February exports hit another milestone

REFAYET ULLAH MIRDHA

Earnings from merchandise shipments continued to soar in February, registering growth of 34.54 per cent year-on-year to reach \$4.29 billion on the back of increased garment exports.

February's earnings were the highest in the same month of the past 10 years.

The February receipts are also 18.80 per cent higher than the target of \$3.61 billion. In February last year, Bangladesh recorded merchandise shipments amounting to \$3.19 billion, according to data from the Export Promotion Bureau.

In January this year, earnings from merchandise shipments stood at \$4.85 billion, the second-highest single-month receipts. In December, exporters raked

READ MORE ON B3



Workers at a garment factory are seen busy as the industry has witnessed a rise in work orders in recent months. Garment exports grew 30.73 per cent to \$27.49 billion in the July-February period of the ongoing fiscal year. The picture was taken recently.

PHOTO: PALASH KHAN

## Bangladesh feels the heat of Ukraine invasion

BPC losing Tk 19cr a day for soaring oil prices

MD NAZRUL ISLAM and MAHMUDUL HASAN

The far-reaching implications of an ongoing rally in oil prices amid Russia's invasion of Ukraine have already descended on Bangladesh as the state-owned Bangladesh Petroleum Corporation (BPC) is losing Tk 19 crore per day.

Before the war in Europe even began, oil prices were already lodged in an upward trend as demand for the fuel outpaced production after global economies started to rebound from the Covid-19 pandemic.

But with Russia, one of the largest oil suppliers in the world, now engaged in battle with Ukraine, the threat of supply disruptions has only made things worse.

With oil topping \$110 a barrel, economists said the subsequent impact on Bangladesh's economy can be seen in rising import payments, fall in export receipts, pressure on the exchange rate, rising commodity prices and soaring inflation.

BPC Chairman ABM Azad told The Daily Star that the way fuel prices are increasing in international markets is a matter of concern.

"We are monitoring the global situation and informing the government about daily updates," he said.

Azad informed that the higher authority has instructed them to continue working on keeping fuel supplies normal.

Octane prices reached \$114.28 per barrel on March 1, up by about 11 per cent from \$102.73 on January 31, according to Platts Asia Pacific/Arab Gulf Marketscan.

The price was \$90.04 on January 3.

BPC officials said not only diesel, but also the price of all types of fuel is now in an upward trend in international markets.

Due to such price hikes in the global market, BPC is incurring losses of Tk 13 per litre when selling diesel and Tk 6 per litre when selling octane.

As such, BPC's daily losses have now reached Tk 19 crore.

"We already raised the oil price but the latest hike is alarming for Bangladesh as once the oil price grows, so too does the price of gas, fertiliser

READ MORE ON B3

**With oil topping \$110 a barrel, economists said the subsequent impact on Bangladesh's economy can be seen in rising import payments, fall in export receipts, and soaring commodity prices**

## Collateral-free loans made available for digital SMEs

STAR BUSINESS REPORT

There's some good news for small-and-medium enterprises (SMEs) based online as Shakti Foundation, a microfinance institution, has joined hands with Delivery Tiger, a courier and parcel service platform, to disburse collateral-free loans among them, including F-commerce companies.

Shakti Foundation and Delivery Tiger collaborated to launch the "e-Loan" product that will enable online entrepreneurs to get up to Tk 5 lakh within five to seven working days after filing an online application.

"Even SME entrepreneurs who cannot apply for SME loans from banks due to the lack of a trade license or other document related issues can easily apply for this e-Loan," said AKM Fahim Mashroor, chief executive officer of Delivery Tiger.

READ MORE ON B3

STOCKS	
DSEX ▼	CSCX ▼
0.79% 6,699.83	0.61% 11,763.28

COMMODITIES	
Gold ▼	Oil ▲
\$1,926.09 (per ounce)	\$109.52 (per barrel)

CURRENCIES				
BUY TK	85.05	93.73	112.44	13.24
SELL TK	86.05	97.53	116.24	13.92

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.38% 55,468.90	▼ 1.68% 26,393.03	▼ 1.04% 3,244.40	▼ 0.13% 3,484.19

## Yamaha's largest showroom opens in Tejgaon

STAR BUSINESS DESK

ACI Motors Ltd, local distributor of Yamaha and a subsidiary of ACI Group, launched the largest Yamaha showroom at the Haque Center in Tejgaon, Dhaka on Tuesday.

FH Ansarey, managing director of ACI Motors, Shakib Al Hasan, Yamaha's brand ambassador, and popular vocalist Hamim Ahmed cut a cake to inaugurate the Yamaha showroom, a press release said.

All the models of Yamaha motorcycles are available in the showroom, where Yamaha musical instruments will be up for the grabs as well.

Subrata Ranjan Das, executive director of ACI Motors, was present.

## MI Cement renamed Crown Cement PLC

STAR BUSINESS DESK

MI Cement Factory Ltd, a listed company, has changed its name to Crown Cement PLC as part of its business strategy as well as to bring consistency to its brand name.

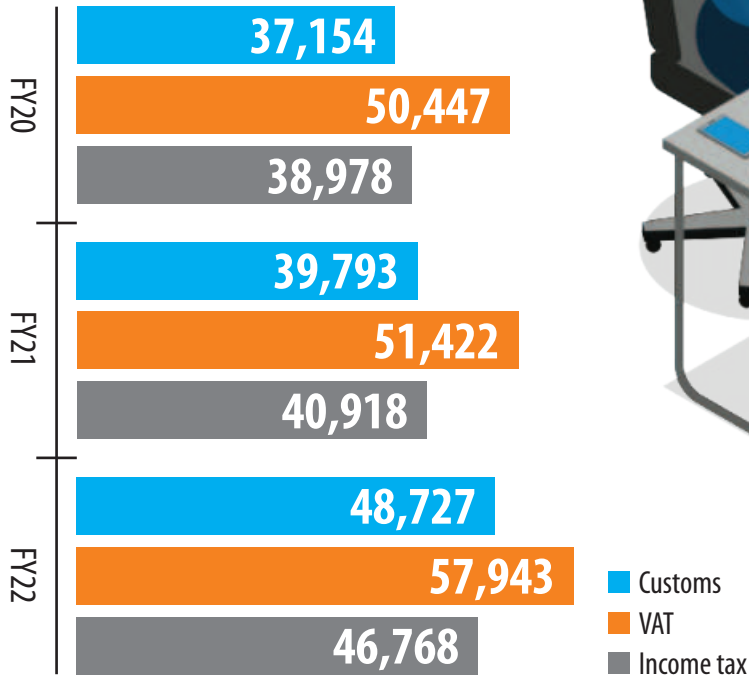
Other issues of the company will remain unchanged, a press release said.

The Dhaka Stock Exchange and the Chittagong Stock Exchange have also approved the changes in the company's name and trading code. Accordingly, the name and trading code have been changed.

MI Cement manufactures and markets its products under the brand name Crown Cement.

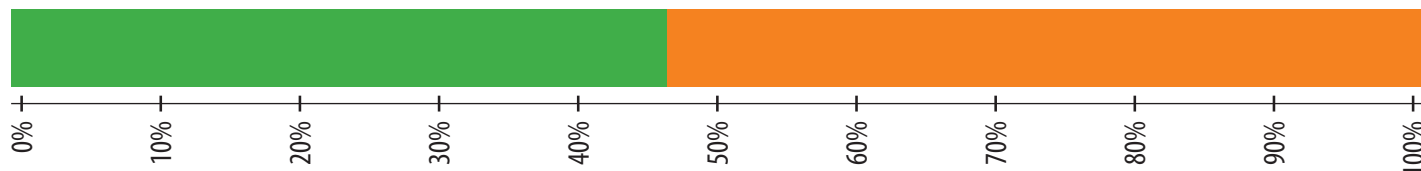
## TAX COLLECTION

(Jul-Jan period) In crore taka



## COLLECTION TARGET & ACHIEVEMENT

(FY2021-22) SOURCE: NBR ■ Achievement (Jul-Jan) ■ To be collected (Feb-Jun)



# Surging imports keep tax collection buoyant

SOHEL PARVEZ

Tax collection continued to remain buoyant supported by increased tariff from surging imports of goods, according to provisional data of the National Board of Revenue (NBR).

In January, overall receipts grew 13 per cent year-on-year to Tk 24,349 crore from Tk 20,336 crore during the same month in fiscal 2020-21.

The increase in collection in January helped the NBR maintain more than 16 per cent growth in tax collection in the first seven months of the current fiscal year.

Overall, taxmen collected Tk 153,438 crore in revenue from July to January of fiscal 2021-22, up from Tk 132,133 crore the previous year, thanks to spiralling commodity imports that face customs tariffs.

Bangladesh paid 54 per cent more import bills in the first half of the ongoing fiscal year compared to the same period in fiscal 2020-21 with \$42.12 billion, according to Bangladesh bank.

The upward trend continued in January as import tariff soared 25 per cent to Tk 7,533 crore from Tk 6,150 crore in January 2021.

"Imports of taxable goods has increased," said a senior official of the NBR.

However, the collection and growth of value added tax (VAT) and direct tax mainly on the income of individuals and companies slowed down, making it tougher for the tax collector to reduce the gap between what can be achieved and its target.

The NBR lagged behind by Tk 19,183 crore from its target of Tk 172,621 crore in the July-January period of the current fiscal year. The latest collection was 46 per cent of the NBR's annual target of Tk 330,000 crore for fiscal year 2021-22.

This means the revenue authority will have to collect Tk 176,662 crore in the remaining five months of the fiscal year. However, this is once again unlikely happen.

"The NBR revenue target will have to be slashed like every year," said Towfiqul

Islam Khan, senior research fellow of the Centre for Policy Dialogue (CPD).

The tax administration has been failing to achieve its target since the 2012-13 fiscal year as the government has been fixing much higher goals than what the actual collection rate would allow.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh (PRI), said the NBR may collect close to Tk 300,000 crore by the end of the fiscal year considering the current growth rate.

"I thought collection would increase a lot because of higher imports this year," he said. "Now it appears that there will be a Tk 30,000 crore shortfall even though the collection target has not been increased in several years."

Mansur also said the current growth is likely to continue.

However, it is riding on the rising commodity prices in both international and domestic markets, he said while suggesting the government "must consider a reduction of tariff and tax rates for essential commodities."



Arif Quadri, managing director of United Commercial Bank Ltd, launches the implementation of Robotic Process Automation (RPA), an artificial intelligence-based technology, at the bank's head office in Gulshan, Dhaka on Tuesday. Syed Faridul Islam, Nabil Mustafizur Rahman and Abul Alam Ferdous, additional managing directors, N Mustafa Tarek, Md Abdullah Al Mamon, Mohammed Habibur Rahman and ATM Tahmiduzzaman, deputy managing directors, were present.

PHOTO: UNITED COMMERCIAL BANK LTD

## Cut reliance

FROM PAGE B4

Road Transport Authority, the land records office, and city corporations to ensure that all assets are reflected in a taxpayer's return, ICAB proposed.

ICAB said such automation will ensure that potential taxpayers are brought under the tax net as they will be encouraged to file their returns online without any hassle.

With this type of automation process, taxpayers will not face any difficulty in getting their outstanding tax credit.

Digitisation is required for all tax processes, including filing returns, tax assessments, appeals and

tribunals, ICAB said.

ICAB also proposed adding a section on skill development for VAT officers to the existing VAT Act.

VAT is a transaction based system. The VAT registered person has to submit the tax by updating the accounts on a monthly basis.

The current VAT Act also makes it mandatory for a registered person to submit an audited account statement.

For these reasons, there is a need to develop the skills of VAT officials and so, the NBR could work closely with various professional bodies to this end, the professional accounting body said.

## No one immune from the impact

FROM PAGE B4

days to come that may increase the cost and risk of doing international business.

The impact on the Bangladesh economy can be through disruptions in bilateral trade with Russia, rise in import payments, fall in export receipts, pressure on the exchange rate and a weakening of Russia's ability to deliver aid.

Disruptions in bilateral trade can hurt production and supplies in Bangladesh. The volume is small but nontrivial. Total exports in FY21 were about \$550 million and imports \$480 million. Trade with Ukraine with Ukraine amounts to around \$350 million. Bangladesh mainly exports apparel items, jute, frozen foods, tea, leather, home textiles and ceramic

products to Russia and Ukraine. Imports include cereals, minerals, chemical products, plastic products, metal, machinery, and mechanical equipment.

Exports to Russia were on a rising curve. There may be an immediate impact on getting payments against items already exported to Russia and Ukraine. If two months' equivalent of export payments are stuck, we are talking about \$100 million (based on FY21 exports to Russia and Ukraine). Disruption in import supplies can hurt domestic production and stoke domestic prices.

Pressure on external balance and the exchange rate will deepen. The external current account deficit in the first half of FY21 had already reached a record high of over \$8 billion due to a steep increase in

import payments and significant deceleration in remittances.

Global commodity price increases in the aftermath of the crisis will fatten the import bill. There may not be any major impact on remittances assuming migrant workers in the war-affected part of Europe will not face any complications in money transfer. The persistence of a high current account deficit implies continued pressure on the exchange rate.

Russia is financing multiple projects, including the Rooppur nuclear power plant. There is about \$7.8 billion in Russian aid in the pipeline. Financial and payment sanctions against Russia can make disbursements from the aid pipeline very difficult not to speak of the impairment of Russia's ability to do so because of foreign

exchange shortages.

On the policy front, there are three areas where proactivity is immediately needed.

First, the relevant agencies of the government must continuously monitor the spillover effects of the sanctions on Bangladesh's international transactions. These will depend on the precise modes of application of the sanctions already in place and how they escalate further.

Second, the Bangladesh Bank must ensure the adequacy of liquid reserves to preempt undue volatility in the foreign exchange market. This means being more careful in committing reserves to longer-term uses.

Third, the finance and planning ministries will need to revisit the FY23 budget now under

preparation. They need to ascertain to what extent the energy and food price increases can be absorbed in the budget considering the hardship the poor and vulnerable households are already facing as they struggle to recover from the impact of the pandemic.

Even after the immediate, headline-based volatility subsidies, there will be many challenges to contend with. There is no immediate resolution of the Ukraine-Russia conflict on the horizon even if Russia wins the ground battle. The war is likely to continue in one form or another. We are likely to be in this environment of a multipronged and multifaceted sanctions regime for months if not longer.

The author is an economist.

## Pran to procure 12,000 tonnes of tomatoes

STAR BUSINESS DESK

Pran, an agro-processor of the country and a subsidiary of Pran-RFL Group, has set a target to procure 12,000 tonnes of tomatoes for manufacturing tomato-based products, including sauce and ketchup, for the season.

The conglomerate has started collecting and pulping tomatoes at Pran Agro Ltd factories in Natore and the Barind (Varendra) Industrial Park in Rajshahi at the end of January.

It will continue till the availability of the tomatoes, a press release said.

Pran is collecting those tomatoes from its contract farmers.

The company has around 10,500 contract farmers in Rajshahi, Chapainawabganj, Bogura, Pabna, Natore, Khulna, and some other districts across the country.

"Lots of tomatoes are cultivated in Rajshahi, Chapainawabganj, Pabna, Natore, and surrounding districts from where we have started collecting and pulping tomatoes in full swing like previous years," said Sarwar Hossain, general manager of Barind Industrial Park.

Pran exports its sauce and ketchup to many countries, including India, Malaysia, the UAE, the USA, Italy and Sweden.

## Berger awards aspiring young architects

STAR BUSINESS DESK

Berger Paints Bangladesh Ltd (BPBL) in collaboration with the department of architecture at Bangladesh University of Engineering and Technology (Buet) virtually organised the Berger Award Programme for students of Architecture BUET (BASAB) recently.

A total of 22 awardees from the 2016-2017 and 2017-2018 sessions were rewarded in four categories in the ceremony, a press release said.

As a part of corporate social responsibility, BPBL introduced the initiative in 2007 in collaboration with the department of architecture at BUET to assist the students of architecture by giving them a glimpse of the practical world and inspire them to go further into their studies.

"We believe this experience shall shape and groom the aspiring architects for a fulfilling professional life," said Rupali Chowdhury, managing director of BPBL.

Prof Satya Prasad Majumder, vice-chancellor of BUET, Prof Shayer Ghafur, head of the department of architecture, Catherine Daisy Gomes, professor of the same department, Md Mizanur Rahman, assistant professor, Md Mohsin Habib Chowdhury, senior general manager for sales and marketing of BPBL, AKM Sadeque Nawaj, general manager of marketing, AMM Fazlur Rashid, head channel engagement, and Shabbir Ahmad, head of project prolinks and Berger experience zone, were present.



SM Mahfuzur Rahman, chairman of Janata Bank Ltd (JBL), handed over a best customer award to Sohail F Rahman, chairman of Beximco Group, in the bank's best exporter award ceremony at a five-star hotel in the capital on Sunday. Salman F Rahman, vice-chairman of Beximco Group, Abdus Salam Azad, managing director of JBL, Salman Farooqui, managing director, Abdul Quddus, executive director of Multifabs Ltd, Sayed Abu Afsar, managing director of Organic Shrimps Ltd, Mostafa Zamanul Bahar, executive director of Beximco group, Anil Kumar Maheshwari, chief financial officer of Beximco Textiles, and Ali Newaz, chief financial officer of Beximco Pharma, were present.

PHOTO: JANATA BANK LTD



SM Bakhtiar Alam, chairman of Islamic Finance and Investment Ltd (IFIL), inaugurates the non-bank financial institution's 21st founding anniversary by cutting a cake at its head office in Tejgaon, Dhaka recently. Maruf Mansur, managing director (current charge) of IFIL, was present.

PHOTO: ISLAMIC FINANCE AND INVESTMENT LTD



The construction of the cooling unit, one of the major components of the Rooppur Nuclear Power Plant in Pabna, is underway. Russia is providing Tk 91,040 crore for the Tk 113,092 crore project, which is expected to become operational in 2023. The photo was taken on October 10 last year.

PHOTO: AHMED HUMAYUN KABIR TOPU

# Rooppur power plant sees 20pc development budget cut

## Allocation for 10 mega projects slashed 1.74pc

REJAUL KARIM BYRON and MD ASADUZ ZAMAN

The government has slashed the development allocation for the Rooppur Nuclear Power Plant (RNPP) by around 20 per cent in the revised budget for the current fiscal year.

In a meeting, the National Economic Council yesterday approved the revised budget of Tk 14,836 crore for the country's largest infrastructure project for FY2021-22, down from Tk 18,426 crore originally.

Prime Minister Sheikh Hasina presided over the meeting virtually.

The overall Annual Development Programme (ADP) was trimmed by 7.88 per cent to Tk 207,550 crore, keeping the government's contribution unchanged while cutting the foreign portion by 20 per cent, or Tk 17,774 crore.

Briefing reporters after the meeting, Planning Minister MA Mannan said that the government primarily made allocations to projects based on expectations, but at the end of the year, the budget was revised on the basis of

reality.

When asked about the impact of the Russia-Ukraine conflict on the RNPP project, the minister said, "There will be no direct effect on the plant."

"It's completely a bilateral agreement. All equipment, know-how, and funding are coming from Russia, and no third party is involved. The coronavirus pandemic was no less important than this conflict, but all activities have continued throughout the pandemic period," said Mannan. He, however, said if the Russia-Ukraine conflict lingers, there might be some indirect effects.

"No disruption is foreseen in any of the commitments and work schedules in the construction of the Rooppur Nuclear Power Plant," said Rosatom, the contractor of the plant, in a statement on Tuesday.

In 2015, Rosatom and the Bangladesh Atomic Energy Commission signed a contract to build the plant, consisting of two units with a capacity of 1,200 megawatts each.

Originally, the first unit of the plant was scheduled to open by 2024 and the

second unit by 2025. But the plant is expected to become operational from 2023, said Shaikat Akbar, project director, earlier.

The project cost is Tk 113,092 crore. Russia is providing Tk 91,040 crore as a loan while the rest is coming from the government.

In the revised ADP, the allocation for 10 mega projects, including the RNPP, was slashed by 1.74 per cent to Tk 50,149 crore, documents from the planning ministry showed.

The budget for the Dhaka Metro Rail Project was brought down to Tk 4,233 crore from Tk 4,800 crore.

The budget size of the South Asia Subregional Economic Cooperation Elenga-Rangpur highway project went down to Tk 2,344 crore from Tk 2,550 crore. The Bangabandhu Sheikh Mujib Railway Bridge's allocation for FY22 now stands at Tk 2,177 crore from Tk 3,580 crore in the original ADP.

The Padma Multipurpose Bridge Project's allocation was brought down to Tk 2,500 crore from Tk 3,500 crore, and that of the Dhaka Sylhet land

acquisition project witnessed a rise of budget to Tk 2,150 crore from Tk 1,675 crore previously.

The Padma Bridge Rail Link has seen its development allocation rise to Tk 6,134 crore from Tk 3,823 crore and the Fourth Primary Education Development Programme to Tk 6,138 crore from Tk 5,053 crore.

The authorities did not bring any change to the allocation for the Matarbari Power Plant of Tk 6,162 crore and the Hazrat Shahjalal International Airport of Tk 3,473 crore.

Planning Secretary Pradip Ranjan Chakraborty said that some projects see an increase in allocation, while others see a decrease. "This is nothing new."

Abu Hena Morshed Zaman, secretary of the Implementation Monitoring and Evaluation Division, said conditions are not the major reason.

"When we take in foreign aid, we have to purchase foreign equipment and hire foreign consultants. But because of the pandemic or lockdowns, the consultants were out of the country and we could not import equipment in a proper way."

## Sri Lanka runs out of fuel amid dollar crisis

AFP, Colombo

Sri Lanka's public transport was crippled Wednesday as buses ran out of diesel, officials said as the country's foreign exchange crisis worsened with no dollars to import fuel.

The Private Bus Owners' Association said they were able to operate only about a quarter of their fleet of 20,000 vehicles, while drivers reported queuing for seven hours to top up fuel.

"I could not run the bus for two days because there was no diesel," said 51-year-old bus driver Sarath. "I have been in the diesel queue for seven-and-a-half hours."

Many commuters were seen using their own motorcycles and small cars Wednesday after bus operators warned of drastically scaled back schedules.

One of Sri Lanka's biggest fuel suppliers, Lanka IOC, put up prices by as much as 12 per cent on Saturday while the state-owned Ceylon Petroleum Corporation (CPC) said it too asked the government to allow it to raise prices.

CPC sources said Wednesday they had supplies only for four more days.

"We have also reduced the issue of diesel to gas stations and asked pumps to try and ration supplies," one said.

Taxi driver Thushara, 36, said he was in a queue for six hours to get petrol for his three-wheeler.

## Canada economy grew 4.6pc in 2021

AFP, Ottawa

Canada's economy grew 4.6 per cent in 2021, bouncing back from its worst plunge on record the previous year due to the pandemic, the government statistical agency said Tuesday.

Gross domestic product (GDP) rose 1.6 per cent in the fourth quarter -- or 6.7 per cent at an annualized rate -- as the economy was hit by a wave of the Omicron variant of Covid-19.

The quarterly advance was "a touch faster than expected," Desjardins analyst Royce Mendes said in a research note, with the economy ending the year stronger after contracting 5.2 per cent (revised from 5.4 per cent) in 2020.

Several analysts also expressed surprise over preliminary data showing the economy managed to push ahead in January, led by retail and construction, despite the reintroduction of Covid lockdowns in some provinces.

Mendes said that momentum was likely to have accelerated in February and outpaced the Bank of Canada's growth forecast for the first three months of this year, as regions moved to relax public health restrictions.

But he also warned of an economic fallout going forward from the war in Ukraine, mostly through higher energy prices, and with "supply chains in Europe already being impacted."

Last year's economic growth, according to Statistics Canada, was driven by business investment in engineering structures and home ownership transfer costs, as well as an accumulation of inventories. Imports outpaced exports.

And household spending growth was moderated by rising prices.

## February exports hit

FROM PAGE B1  
in \$4.9 billion, an all-time high for single-month earnings.

Meanwhile, the takings were \$4.16 billion in September, \$4.72 billion in October, and \$4.04 billion in November.

Between July and February, the first eight months of the current fiscal year, receipts from merchandise shipments grew 30.86 per cent to \$33.84 billion.

The July-February earnings are also 16.5 per cent higher than the target of \$29.05 billion. During the July-February period in fiscal 2020-21, the total earnings were \$25.86 billion.

As usual, the garment sector contributed the highest in the period.

Garment exports grew 30.73 per cent to \$27.49 billion between July and February. Receipts from garment shipments stood at \$23.47 billion in the same period of fiscal 2020-21.

Of the amount earned by garments in the July-February period this year, knitwear fetched \$15.06 billion by registering growth of 32.87 per cent year-on-year. At the same time, earnings from woven items grew by 28.23 per cent year-on-year to reach \$12.42 billion.

"We are hopeful that the buoyance in garment exports will continue to grow as we have already booked an increased volume of work orders from international retailers and brands," said

Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association.

The unit price for garment items has increased though as the price of raw materials rose in international markets.

"We are concerned about the Russia and Ukraine war as both countries are emerging markets for us. If the war stops, our exports to the two countries will grow rapidly," he said.

However, local garment makers are worried about getting payments from Russian buyers as there is a ban on using SWIFT in the country.

The Society for Worldwide Interbank Financial Telecommunication, or SWIFT, is a Belgian cooperative society providing services related to the execution of financial transactions and payments between banks worldwide.

"But we have more work orders. We are trying to increase the prices from our buyers. No buyers asked anything regarding the European markets as business is continuing as usual," Hassan said.

"Rather, we have asked the EU for an extension on the tariff benefits for Bangladesh even after the country's LDC graduation. We got a favourable reply from the EU. Our Asian markets are also showing great promise for garment items," he added.

In July-February, textile exports grew 35.98 per cent to \$993.76 million while

leather and leather goods shipments increased 29.61 per cent to 784.98 million.

Between July and February, earnings from frozen and live fish exports grew 20.44 per cent to \$407.1 million, agricultural products 28.36 per cent to \$853.2 million, and pharmaceuticals 21.28 per cent to \$130.57 million.

Non-leather footwear exports were up 32.74 per cent to \$290.48 million, cotton yarn and fabrics grew 45.49 per cent to \$150.22 million, and terry towel edged up by 19.39 per cent to \$31.28 million.

However, jute and jute goods, a promising export item, did not fare well as shipments declined 7.34 per cent to \$799.42 million during the eight-month period.

## Collateral-free loans made

FROM PAGE B1  
"Online-based SMEs have boomed amid the pandemic and as a microfinance organisation, we think that we can play a role in developing the new sector," said Imran Ahmed, deputy director of Shakti Foundation.

There will be no need for collateral to secure a loan while the service charge of this scheme is also relatively low compared to that of other local microfinance institutions, he added.

At present, there are about 50,000 local business pages on Facebook, according to a recent report by Asian Development Bank.

## Relaxed policies fail to

FROM PAGE B1  
recovered a good amount of default loans last year.

BB data showed that 47 per cent of the defaulted loans were with the nine state-run banks.

NPLs in the state-run banks rose 6 per cent year-on-year to Tk 48,968 crore last year.

Forty-one private commercial banks held defaulted loans of Tk 51,521 crore, up 28 per cent from a year ago. The NPLs in nine foreign banks increased to Tk 2,785 crore in contrast to Tk 2,038 crore.

Five lenders that saw the sharpest spike in default loans are National Bank, Agrani, Rupali, IFIC, and UCB.

Mohammad Shams-Ul Islam, managing director of Agrani Bank, said that classified loans at the bank rose by 20 per cent last year.

BB data, however, showed that NPLs at the bank stood at Tk 7,756 crore last year in contrast to Tk 5,859 crore the year before, an increase of 32 per cent.

Islam explained that the actual default loans at Agrani Bank increased to Tk 6,472 crore in 2020 after the completion of the audit carried out by the BB.

The ratio of classified loans at the bank is still lower among the state-owned commercial banks, he said.

## Bangladesh feels the heat

FROM PAGE B1  
and other commodities," said Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

Besides, the cost of other imported products is also rising, he added.

On November 3 last year, BPC raised the price of diesel by 23.1 per cent to Tk 80 per litre.

Due to an increase in the cost of imported products, there is a big pressure on import inflation and it could intensify further.

Such a situation will cause uncertainty and aggravate the difficulties of economic management, especially macroeconomics, Rahman said.

He went on to say that macroeconomic management in the country will face a number of

challenges and for that, fiscal measures such as adjusting or waving tariffs is important to rein in the unbridled commodity prices.

The failure to properly manage the situation is also responsible for the soaring inflation. As a result, consumers are having to buy products at higher prices.

"So, market monitoring and intense negotiation over bringing products from the global market at competitive prices has become important," Rahman added.

According to Zahid Hussain, an eminent economist, the pressure on external balance and the exchange rate will deepen due to the rising fuel costs.

"The external current account deficit in the first half of fiscal 2021-22 had



AHM Noman Khan, executive director of Centre for Disability in Development (CDD), and Samia Chowdhury, chief executive officer (acting) of MTB Foundation, signed an agreement for their project titled 'Promoting Quality of Life of People with Disabilities Living in Rural Areas in Bangladesh' at the bank's corporate head office in Gulshan, Dhaka recently. Syed Mahbubur Rahman, managing director of the bank, Chowdhury Akhtar Asif, additional managing director, Rais Uddin Ahmad, deputy managing director, Mohammad Nazmul Hossain, group chief financial officer, and Nazmul Bari, director of the CDD, were present.

PHOTO: MUTUAL TRUST BANK

already reached a record high of over \$8 billion due to a steep increase in import payments and significant deceleration in remittance," he said.

In addition, increases in global commodity prices in the aftermath of this crisis will fatten the import bill further.

"There may not be any major impact on remittance assuming migrant workers in the war-affected part of Europe will not face any complications in transferring money, but the persistence of a high current account deficit implies continued pressure on the exchange rate," Hussain added.

Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue, said the war is not being waged only on Ukraine's

soil as it is in full throttle on the economic front with various sanctions and other measures.

The implications of these sanctions on global trade and commodity prices are high as prices would go up, and there will be pressure on Bangladesh's balance of payments.

"As a small open economy, Bangladesh is a taker since we have to bear the implication. It appears that the war on the economic front could be prolonged, even if the military operations end," Khan added.

He said the global commodity prices are on the rise and this will increase import bills, inflation and the cost of production. The second issue is that foreign aid and foreign direct investment

will also be affected. Strengthening macroeconomic strategies is important as it is now threatened by rising inflation, deterioration of the balance of payments, and instability in the foreign exchange market.

"It is important for us to control prices to support the purchasing power of middle and low income people, and the government should broaden the reach of the Trading Corporation of Bangladesh to supply subsidised products to marginal, limited income and poor people," Khan said.

"Also, international commercial transactions and business dealings should be carried out with utmost caution now so that they can avoid difficulties for violating sanctions", he added.

## Cut reliance on customs duty for revenue: ICAB

STAR BUSINESS REPORT

Bangladesh needs to reduce its dependence on customs duty for revenue as lowering the cost of doing business would help local products and services become more competitive on a global scale, according to the Institute of Chartered Accountants of Bangladesh (ICAB).

Customs duties currently make up about 29 per cent of the government's total revenue.

"We believe our proposal will contribute to the country's economic development and accelerate the journey towards achieving its development targets," said ICAB President Md Shahadat Hossain.

Besides, this will facilitate Bangladesh's transition into a middle-income country, he added.

ICAB made this proposal to the National

**"The main purpose of our proposals is to increase the government's revenue. We also aim to assist the NBR in tax management," said ICAB President Md Shahadat Hossain**

Board of Revenue (NBR) during a discussion on the upcoming national budget at the latter's conference room yesterday.

ICAB's national budget proposals are divided into four parts: proposals regarding an increase in revenue and income tax ordinance, reduction of contradictions in the law and ensuring transparency in its implementation, giving more impetus to investment activities, and preventing capital smuggling.

"The main purpose of our proposals is to increase the government's revenue. We also aim to assist the NBR in tax management, preventing tax evasion, increasing tax coverage, and addressing inconsistencies in existing laws," Hossain said.

He went on to say that Bangladesh's economy is involved in global price changes and political developments.

In addition, challenges await after its graduation from a least developed country in 2026, Hossain said.

The e-TIN must be linked to the Bangladesh

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Sales of immature plants as cattle feed could hurt production of wheat, the third-largest crop in Bangladesh, further increasing the reliance on imports, agronomists warned. The photo was taken from a market of Phulbari upazila in Dinajpur recently. PHOTO: KONGKON KARMAKER

# Farmers sell wheat spikes to make higher profit

Trend may hurt overall production

KONGKON KARMAKER

In a worrying trend, a group of farmers in northern districts are selling wheat spikes as cattle feed in order to make a higher profit since they don't get fair prices for the final produce.

The sales of the immature plants as cattle feed could hurt the production of the cereal grain, the third-largest in Bangladesh, further increasing the reliance on imports, agronomists warned.

The issue has prompted the Bangladesh Wheat and Maize Research Institute (BWMRI) in Dinajpur to write to the Department of Agricultural Extension (DAE) to nip the tendency in the bud before it poses any serious threat.

It comes at a time when wheat production in Bangladesh is failing to keep pace with rising consumption.

The average annual wheat production is around 1.25 million tonnes, against the demand of about 7.5 million tonnes, according to the BWMRI in Dinajpur. So, the demand, which is growing 10 per cent per annum, has to be largely met through imports.

During a visit to various places in Dinajpur and other districts, it was found that growers are selling their wheat plants with the full-grown spikes at various markets as cattle feed about a month before its harvesting period. This will allow

farmers to use the land for Boro cultivation or any other crop.

A number of farmers say they are doing so since they are deprived of fair prices from the production of wheat.

Rubel Hossain, a farmer in Phulbari upazila in Dinajpur, cultivated the crop on three acres of land this year. He has sold the plants with spikes as it is much more profitable. He suffered losses last year from wheat cultivation.

He spent Tk 16,000 to cultivate wheat on one acre of land. But, it was pretty impossible to recoup the investment for various causes, including rat infestations and lower price, he said.

Rubel is not alone.

Ismail Hossain, Kamal Hossain, Saminur Rahman and a dozen other farmers in the same upazila have sold the immature wheat plants in advance to ensure profit.

A similar inclination was found in Biral, Kaharol, Birganj, Chirirbandar, Parbatipur, Birampur and Nawabganj upazilas of Dinajpur.

The situation is similar in Rangpur.

Saidur Rahman, a wheat grower at Habu village in Rangpur's Gangachara upazila, grew the crop on 50 decimal of lands this year. As the plants matured, he decided to sell the crop.

He sold wheat spikes to a wholesale trader at Tk 16,000. He has been doing it for the last two years.

"We are doing it as we don't get better

prices from the wheat crop," he said.

With this, he has been able to free up the land and he has got enough time to prepare it for another crop.

SM Saiful Islam, a food control officer in Dinajpur, says such a trend would affect the estimated wheat production.

He emphasises controlling the trend since enough high-quality grasses are already produced in the country to meet the demand for cattle feed.

Md Manjurul Haque, deputy director of

**The average annual wheat production is around 1.25 million tonnes, against the demand of about 7.5 million tonnes. So, the demand has to be largely met through imports**

the DAE in Dinajpur, says they have also noticed the trend among the farmers.

"This is a matter of concern. The wheat cultivation area in Dinajpur is shrinking, and farmers are not interested in cultivating wheat for various reasons."

The DAE had targeted to grow wheat on 5,300 hectares of land in Dinajpur this season. But around 3,500 hectares have been brought under the cultivation, Haque said, adding that the DAE has already taken steps to this effect.

Md Abdul Hakim, chief scientific officer of the BWMRI in Dinajpur, says his department urged the DAE to take immediate steps to put an end to such a trend.

Most farmers sold their wheat at Tk 20 to 22 a kg last year.



## No one immune from the impact of Russia-Ukraine conflict

ZAHID HUSSAIN

The economic damage from supply disruptions triggered by the confluence of events around the Russian invasion of Ukraine would be severe in some countries and industries and less so in others depending on the depth and breadth of economic ties, mainly with Russia because of its size, and the degree of integration with global commodity and financial markets. It is hard to imagine circumstances under which any country can escape the near-term economic impact of the Ukraine crisis in this globalised world.



The impact is not just because of disruptions caused by the war but also the multifarious economic sanctions against Russia imposed by the US, the EU, the UK, Japan, and several others. Even neutral Switzerland has adopted EU sanctions.

Global banks are bracing for the effects of sanctions designed to restrict Russia's access to foreign capital and limit

Russia's ability to process payments in dollars, euros, pounds, and yens which are crucial for trade. Large parts of the Russian economy will be a no-go zone for banks and financial firms after the decision to cut off some of its banks from SWIFT.

The situation has prompted a fast-growing list of large multinational corporations to shun Russia because of concerns about their financial and reputational risks.

Among others, western oil and high-tech companies have severed or restricted ties with the Russian economy. US payment card firms Visa and Mastercard have blocked multiple Russian financial institutions from their network. Shipping giant Maersk has halted all container shipping deliveries to and from Russia.

The crisis is weighing heavily on the markets because of Russia's central role as a global energy producer. Russia is the third-largest producer of oil, providing roughly one of every 10 barrels the global economy consumes. Surging energy costs will ripple quickly through the global economy, fueling inflation further. Since December, oil prices have risen more than 40 per cent. Releases from the global oil reserve may only temporarily alleviate the shortage.

The sanctions could disrupt Russia's ability to export other commodities, including natural gas and wheat. Natural gas reserves are running low. Russia is the world's largest supplier of wheat and, together with Ukraine, accounts for nearly a quarter of total global exports. Other commodities tied to Russia and Ukraine, such as gold, aluminium, corn, and nickel, have been trading at multiyear highs since the eruption of the conflict.

Russia has banned air carriers from 36 countries, including European nations and Canada, from its highly trafficked airspace after the EU took similar action against Russian airlines. By forcing major airlines to take longer, more circuitous routes to Asia and the Middle East, this will increase ticket prices for travellers. There can be other retaliation by Russia in the

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**The impact is not just because of disruptions caused by the war but also the multifarious economic sanctions against Russia imposed by the US, the EU, the UK, Japan, and several others**

## Oil markets hit multiple milestones

REUTERS, Singapore

Oil benchmarks are hitting multiple price and spread milestones across several key markets as the fallout from severe sanctions on key exporter Russia sows confusion and panic among global crude oil traders, shipping firms and importers.

The oil industry has been gripped by acute risk aversion in the finance and shipping sectors after several nations including the United States sanctioned multiple Russian entities following Russia's invasion of Ukraine, though Washington has explicitly exempted energy products from the Russian measures.

Brent crude topped \$112 a barrel on Wednesday, the highest since 2014, shrugging off news that several developed countries plan to release a record 60 million barrels of strategic petroleum reserves to cool prices.

The price spread for Brent crude delivered between now and in 12 months is at \$21.54 a barrel, the steepest on record, while Brent's premium to Dubai - the price spread between sweet and sour grades - hit an all-time high of \$12.93 a barrel on Wednesday, a trader said.

That has driven demand for Middle East crude, with benchmark prices jumping to all-time highs at the start of March, up more than 50 per cent from last month.

The wide spread between the benchmarks along with surging freight rates for oil tankers globally has also made it more expensive for Asian buyers to purchase oil from Europe, Africa and the United States, narrowing their options.

Refiners in Asia and Europe are expected to seek more supplies from the Middle East and the United States to replace crude from Russia and Central Asia, the sources said, even as official selling prices for Saudi crude are set to hit record highs in April. "Freight rates for Middle East to Asia are higher too, so it depends which one is more painful," a Singapore-based trader said.



Oil barrels are pictured at the site of Canadian group Vermilion Energy in Parentis-en-Born, France.

PHOTO: REUTERS/FILE

## Saudi oil giant Aramco shares soar

AFP, Riyadh

Saudi energy giant Aramco's shares rose to a record high on Wednesday amid a surge in global oil prices following Russia's invasion of Ukraine.

Aramco's stock was trading at 42.9 Saudi riyals (\$11.4) in Riyadh, according to the Saudi Tadawul market website.

The Gulf kingdom - the world's top crude exporter - has remained the firm's majority shareholder since a December 11, 2019 listing.

Aramco had priced its landmark initial public offering at 32 riyals (\$8.53) per share and it soared the maximum limit to 35.2 riyals on its market debut.

Crude surged past \$113 a barrel Wednesday with investors growing increasingly fearful about the Ukraine war's impact on global energy supplies.

Traders will keep a close eye on a meeting of OPEC and other producers, including Russia, later in the day.