

star

BUSINESS



Asif Ibrahim

Commodity exchange need of the hour

Says CSE chair

AHSAN HABIB

A commodity exchange is needed for Bangladesh as it will ensure fair prices for both producers and consumers, said Asif Ibrahim, chairman of the Chittagong Stock Exchange (CSE), as it is set to appoint a consultant to establish the market.

Commodity exchange refers to an organised market where enforceable contracts to deliver goods, such as wheat and paddy, are bought and sold.

The CSE recently got the nod from the Bangladesh Securities and Exchange Commission to this end and plans to launch the market by 2022.

“The beauty of the exchange is that someone like a corn farmer can lock in a price for his crops months before harvest.”

“The beauty of a commodity exchange is that someone like a corn farmer can lock in a price for his crops months before they are even harvested,” Ibrahim said in an interview with The Daily Star.

This increases the farmers' chance of economic survival as the market always makes sure there is a buyer for every seller, provided the prices are acceptable for both parties.

“So, an organised commodity exchange is the need of the hour for Bangladesh,” said Ibrahim, who is also vice-chairman of Newage Group of Industries.

Besides, the market would play a key role in price discovery, and help develop an efficient

READ MORE ON B3

WHAT IS A COMMODITY EXCHANGE?

A commodity exchange is a legal entity that determines and enforces rules and procedures for trading standardised commodity contracts and related investment products; traders rarely deliver any physical commodities through a commodities exchange.



HISTORY

- The earliest recognised futures trading exchange is the Dojima Rice Exchange, established in 1730 in Japan for the purpose of trading rice futures
- The largest commodity exchange in the world is the Chicago Board of Trade founded in 1848
- Among the neighbouring countries, India and Nepal have a number of commodity exchanges.

TARGETS FOR LOCAL EXCHANGE



Trade gold, cotton and crude oil



Run the exchange within current year

OBJECTIVES



Reducing price gap between producer and consumer levels



Finding a price discovering mechanism



Managing risks



Building an organised gold market

CURRENT STATUS



CSE got nod from the BSEC last year to establish the local exchange



MCX of India will be appointed as a consultant tomorrow



Maiden commodity exchange by this year

Aims to cut price difference between production-consumption levels

AHSAN HABIB

The Chittagong Stock Exchange (CSE) is planning to launch the country's first commodities exchange, or futures market, this year, aiming to reduce the price difference of commodities between what consumers pay and what producers get.

Insiders say the opening of the commodity exchange may enable buyers and producers to buy and sell goods at competitive prices and reduce the scope of manipulation in the commodity market now alleged to have been rampant in domestic trades.

“Our producers lament that they don't get fair prices while consumers are paying far too much. Such disparities may dissipate through the commodities exchange,” said Shaikh Shamsuddin Ahmed, commissioner of the Bangladesh Securities and Exchange Commission (BSEC).

Sometimes, farmers throw away their potatoes, tomatoes and other agricultural products in anguish over the low prices stemming from inefficient market mechanisms.

To make the market efficient

and ensure proper export and import, a commodities exchange is necessary in Bangladesh, he said, adding that for this the BSEC was planning for a futures market.

A commodities exchange is a legal entity that determines and enforces rules and

According to experts, a commodity exchange allows farmers to lock in prices using forward contracting. This also reduces the risk of a drastic price drop.

An exchange helps increase the liquidity for farmers since it assists them to access

in India.

It provides a platform for price discovery and risk management across varied segments, including industrial metals, energy and agricultural commodities.

MCX will recommend bylaws and regulations based on generic regulatory compliance and international best practices, products, clearing and settlement methods, trading and surveillance systems and warehousing, delivery infrastructure and partnership models.

It will also suggest reference pricing mechanisms, setting of spot price and functionalities of a price advisory committee; employ third-party data and practical market trends; train stakeholders on the market; and develop a five-year consolidated business plan.

MCX will share sample business rules so that the CSE can develop or customise that of its own to expedite the project.

In Bangladesh, the government took an initiative to establish a commodity exchange in 2007. But the initiative did not translate into

READ MORE ON B3



procedures for trading standardised commodity contracts and related investment products.

Traders rarely deliver any physical commodities through a commodities exchange.

Instead, they trade futures contracts, where the parties agree to buy or sell a specific amount of the commodity at an agreed-upon price, regardless of what it currently trades at in the market at predetermined expiration date.

funds without any interest. As a result, they don't need to borrow at higher interest rates from sources such as banks or usurers.

In order to launch the market, the port city bourse is scheduled to sign a memorandum of understanding (MoU) with the Multi Commodity Exchange of India (MCX) tomorrow to appoint it as a consultant.

In 2003, MCX became one of the first exchanges to open

RMG exports to Russia withstand war headwinds

Exporters find alternative routes, paying in China currency

REFAYET ULLAH MIRDHA

Despite the Russia-Ukraine war and a ban on some banks on the use of global payments messaging network SWIFT, apparel shipment from Bangladesh to Russia has largely remained unscathed because of the use of alternative routes and payment channels, exporters say.

When the war broke out on February 24, it was largely anticipated that Bangladesh's garment export to the emerging country would come to a halt owing to supply chain disruptions.

The uncertainty deepened when the European Union excluded seven Russian banks from the SWIFT (Society for Worldwide Interbank Financial Telecommunication). The US has also announced sanctions on some large Russian banks.

Russian importers are also placing higher number of orders with Bangladesh to fill up the vacuum created after some large American and European retailers pulled out

What is more, SWIFT asked Bangladesh's banks to suspend transactions with the Russian lenders since they are facing sanctions from the US and the EU over Moscow's invasion of Ukraine.

But the garment export has not faced any major disruption since shipments are being made via alternative routes such as China and Hong Kong and the suppliers are receiving payments from China in the renminbi, the Chinese currency.

There is no ban on exports to Russia. However, most of the shipments now going to Russia have been against the orders placed before the beginning of the conflict.

Russian importers are also placing a higher number of orders with Bangladesh to fill up the vacuum created after some large American and European retailers and brands pulled out of the market.

Russian buyers are making advance payments to Bangladeshi garment exporters as well as the demand for apparel items has increased in the market.

READ MORE ON B3

STOCKS	
DSEX ▲	CSCX ▲
0.31%	0.21%
6,662.45	11,725.99

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$1,947.57 (per ounce)	\$97.92 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.70%	▲ 0.36%	▼ 0.62%	▲ 0.47%	
59,447.18	26,985.80	3,383.28	3,251.85	

TOURISM-HOSPITALITY

Pandemic costs Tk 60,000cr

BIDS study finds

STAR BUSINESS REPORT

The adverse effects of Covid-19 were profound in Bangladesh's hospitality and tourism sector as it lost about Tk 60,000 crore in gross value added during the pandemic, according to a survey by the Bangladesh Institute of Development Studies (BIDS).

The research organisation estimates that the sector would have contributed about Tk 150,000 crore in terms of gross value added in absence of the pandemic, but it was ultimately reduced to around Tk 95,000 crore by the coronavirus fallout.

The transport sub-sector endured more than 40 per cent of the loss while hotels and resorts accounted for about 29 per cent.

Meanwhile, restaurants bore 25 per cent of the loss in gross value added while other related businesses made up the rest.

Gross value added is an economic productivity metric that measures the contribution of a corporate subsidiary, company, or municipality to an economy, producer, sector, or region.

The BIDS conducted the primary survey with enterprises and employees drawn from 200 hotels and resorts, 138 travel agencies and tour operators, 200 restaurants, and 63 tourism SMEs across the eight divisional cities and Cox's Bazar.

The survey, styled “The COVID-19 Pandemic and Hospitality and Tourism Sector in Bangladesh”, was

READ MORE ON B2



An array of boats awaiting passengers are seen docked on the banks of Dholai River in Companiganj upazila of Sylhet. The area is a popular tourist destination due to its signature white stone beaches but almost no travellers came to visit during the height of the Covid-19 pandemic last year.

PHOTO: STAR/FILE

UK clothing retailer sued over dues

REFAYET ULLAH MIRDHA

Four local garment exporters have filed a case against British clothing retailer Edinburgh Woollen Mill (EWM) claiming Tk 5.98 crore in payments for goods they had shipped.

“We have filed the case with the lower court in Dhaka on March 14,” lawyer Mohammad Shah Poran, who is representing the four, told The Daily Star over the phone yesterday.

“...the company did not pay the local suppliers although it had generated profits through its sister companies,” he said.

Poran also said nearly 30 local garment manufacturers shipped goods to the EWM before and at the height of the pandemic in 2020 but the company did not pay for it.

The EWM had also cancelled work orders placed in Bangladesh worth \$8.2 million due to the Covid-19 outbreak, according to the BGMEA.

READ MORE ON B2

Nagad brings Islamic lifestyle services

STAR BUSINESS DESK

Nagad Islamic has included a number of features for Muslim customers, including a zakat calculator and a range of Islamic lifestyle services on its app and website.

Using the Nagad Islamic platform, customers will be able to calculate their own zakat, get access to all the daily prayer services, including free audio recitation of the holy Quran, without any hassles, a press release said.

“For the last three years ‘Nagad Islamic’ has been receiving an overwhelming response from users, and we hope to continue expanding the service with new features in the future,” said Rahel Ahmed, chief executive officer of Nagad.

To calculate the amount of zakat, customers must first select the Zakat Calculator option on the Nagad Islamic website and then be required to enter the value of their assets for the whole year, including yearly income, investment, gold, and loans.

The following step will generate the precise amount of zakat automatically by clicking on the ‘calculate’ button at the bottom of the calculator.

Premier Bank to use Fintech Innovation’s platform

STAR BUSINESS DESK

Premier Bank recently signed an agreement with Fintech Innovations International DMCC to conduct trade finance business using blockchain technology through the latter’s TradeAssets portal.

M Reazul Karim, managing director of the bank, and Azizunnessa Huq Dolly, managing director of Fintech Innovations International DMCC, inked the deal at the bank’s head office in Dhaka, said a press release.



After about two years of the coronavirus pandemic, when Eid was not celebrated in festive mood and schools remained shut, children like this finally have a reason to smile as they can once again engage in such activities. Here, a little girl is seen beaming with joy as she picks her favourite dress from the rack in anticipation of Eid-ul-Fitr festivities. The photo was taken at Afmi Plaza in Probortok Circle, Chattogram yesterday.

PHOTO: RAJIB RAIHAN

Crypto-curious corporations struggle to find right recipe

AFP, Paris

Four years ago, fried chicken chain KFC tweeted from its Canadian account that it would accept bitcoin as payment for its “buckets”.

The company told AFP its tongue-in-cheek campaign – “digital tender for chicken tenders” – sold out in an hour and the chain has not taken crypto payments since, but online articles regularly recycle the claim that KFC “accepts” bitcoin.

Many other companies have tried to harness crypto payments before abandoning their efforts, Tesla and Dell among them.

Bitcoin will almost certainly never be practical for everyday purchases because its value fluctuates wildly, and each transaction is expensive, energy-hungry and takes at least half an hour.

“No one’s going to walk into a KFC to buy a chicken burger and then have to wait 30 minutes for a payment,” South African developer and crypto expert Andre Cronje told AFP.

But there are now thousands of smaller cryptocurrencies with faster processing times and more stable prices.

Analysts say the total market value of cryptocurrencies has now topped \$2 trillion, roughly half of which is bitcoin.

Companies are gagging to get in on the act and developers like Cronje are building the infrastructure to enable the virtual coins to be used to pay for everyday items.

But public buy-in is crucial, and corporations seem to be struggling to find the perfect formula.

Microsoft typifies the emerging pattern of big companies dabbling in crypto.

The first rule: keep it at arm’s length from the core business.

The tech giant has stressed that shareholders will not be exposed to the ups and downs of crypto prices.

PayPal and Apple, two other crypto-curious corporations, have made similar pledges to their shareholders.

To keep crypto off its balance sheet, Microsoft partnered with a firm called Bakkt that allows clients to convert crypto

assets into products like gift cards for Xbox, or charge their Starbucks payment card.

Bakkt, which has received investments from Microsoft’s venture capital fund M12, went public last year and a flurry of big partnership announcements with the likes of Mastercard sent its share price soaring.

But then came the nose-dive as it reported widening losses and its business came under scrutiny.

The firm had said it expected to have nine million customers by the end of 2021, yet its executives gave a figure of 1.7 million transacting accounts late last year.

PayPal, meanwhile, garnered a lot of publicity for a “checkout with crypto” feature launched in the US and UK last year.

PayPal’s system converts users’ cryptoassets into money before passing on payment to the vendors.

But it is unclear how popular any of these services are – none of these companies responded to AFP requests for details of the uptake.

ELECTRICAL APPLIANCE

Walton logs record Tk 127cr sales in March

STAR BUSINESS DESK

Walton Hi-Tech Industries recently announced selling about Tk 127 crore worth electrical appliances of its Walton, Marcel and Safe brands in March, which the company said was its highest ever for a single month.

Walton earlier registered a 52 per cent sales growth in electrical appliances including elevators, fans, LED lights, switches and sockets in fiscal year 2020-21, said a press release.

Vice-Chairman SM Shamsul Alam and Managing Director Golam Murshed cut a cake at Walton’s corporate office in the capital to celebrate the achievement. They also unveiled three new models of ceiling fans marking upcoming Eid-ul-Fitr.

“Demands for different electrical products are increasing day by day following the incumbent government’s continuous economic progress and industrial development with countrywide 100 per cent electrification,” said Murshed.

“Our research and innovation and sales team are working relentlessly to supply products according to the designs and demands of customers that led us to this remarkable success,” he said.

Nazrul Islam Sarker, Amdadul Hoque Sarker and Liakat Ali, deputy managing directors of Walton, Mohammad Rayhan, chief executive officer of Walton Plaza Trade, SM Zahid Hasan, Ariful Ambia and Yusuf Ali, senior executive directors, Firoj Alam, chief marketing officer, Tapash Kumer Mojumder, head of research and innovation, Edward Kim, president of international business unit at Walton, and Shakhawat Hossen, head of sales at Marcel, were present.

Russian bank VTB loses control over European subsidiary

AFP, Frankfurt

Germany’s banking regulator on Sunday said it had stripped Russia’s VTB of control over its European subsidiary as sanctions hit the second-biggest Russian bank over the war in Ukraine.

The Russian group “no longer has control” over its Germany-based subsidiary VTB Bank SE after a ban on exercising its right to vote, financial markets authority BaFin said in a statement.

The regulator said VTB can no longer access the financial assets of its subsidiary, which is now “completely isolated” from the Russian group.

The European entity’s activities can continue, but its board cannot follow directives from VTB, which was placed on an EU sanctions list on Friday. A ban on transferring funds to “VTB group entities” has been in force for “several weeks”, BaFin added.

How do you define a good boss?

FROM PAGE B4

As employees, we have all had the opportunity to work for individuals who profoundly influenced our professional careers. They have taught and guided us through phases of our careers, which were necessary for us to reach the heights we are at today. And as we became bosses ourselves, we have developed our own management styles, which in turn have shaped the careers of our own employees.

Some of us use an autocratic style of management and others democratic. And each style may have its own merits and demerits. But what makes a good boss?

A good boss is both a “real” person and trustworthy. Someone who “walks the talk” and earns respect for character and the example they set.

Charles Erwin Wilson, an American businessman and politician, once said:

“A good boss makes his people realize they have more ability than they think they have so that they consistently do better work than they thought they could.”

The key to being a better boss lies in accepting that fact. Good bosses manage to align expectations of seniors and the goals of their employees for the good of the company. They are also passionate about the people who work with them: get to know them, their kids, spouses, friends, hobbies, interests, and upcoming vacations. Everyone loves it when others are interested in them, especially when it’s their boss. Your internal relationships are just as important as the external ones.

A lot of people forget this too often.

A boss who listens attentively to his people and is committed to developing them can have a

profoundly positive impact. Although not everyone’s ideas can be implemented, if they feel heard, it makes a big difference. Everyone likes a boss who is open to change and personal growth, appreciates initiative and supports new ideas.

Taking the lead

In times of uncertainty, employees look to us for reassurance and security. We also need to embrace the fact that we encounter many obstacles, and these hurdles allow us to understand, listen, give clear instructions, invite negative feedback, and protect those we lead. It is also our responsibility to ensure that the same mistakes do not repeat.

As bosses, we need to be infectiously enthusiastic and proud of the work we do and be a constant source of new ideas and inspiration.

We must be able to inspire our subordinates

to achieve their potential by setting an example with our work ethic. We must always ask ourselves: when we look back, at how we have treated our followers, peers, and superiors, will we have earned the right to be proud of ourselves?

A good boss under the “new normal”

During or post-Covid, the definition of a good boss has also gone through a dynamic change. Work from home, health issues, accelerated job hopping, failing revenue targets and client coverage challenges has made the role of a boss more challenging. In such times, having a clear goal and a fair and equitable process is even more important. As the leader, you must believe in your organisation and prove to the employees that you care about them and their development.

The author is an economic analyst.

Pandemic costs Tk 60,000cr

FROM PAGE B1

revealed at a seminar organised by the BIDS at its conference room in Dhaka yesterday.

The findings show that sales and revenue in the sector dropped significantly in the April-June quarter of 2020 compared to the same period in 2019.

The fall in revenue was about 84 per cent for hotels and resorts, and between 98 per cent and 100 per cent for tour operators, travel agents and amusement parks.

Most of the enterprises started to show an improvement in sales revenue from the July-September period of 2021, and it improved more in the next quarter of October-December.

The average number of workers hired by hotels and resorts was 42 per cent lower during the pandemic

compared to pre-pandemic levels.

Even though amusement parks came up with greater employment generation in 2019 compared to other sub-sectors, the net employment generation in 2020 was low with no hiring.

According to the survey, the average reduction in wages and salaries was quite substantial among hotels and resorts (34 per cent), tour operators (34 per cent), and travel agents (26 per cent).

In comparison, benefits were reduced by about 50 per cent for employees in these sub-sectors.

The average employee working in restaurants at the time was drawing 80 per cent of the salaries and benefits relative to a normal period.

In 2019, about 82 per cent of hotels and resorts, 83 per cent of tour

operators, 86 per cent of travel agencies, and 91 per cent of enterprises that act as both tour operators and travel agencies provided bonuses to their employees.

During 2020-2021, the incidence of providing bonuses reduced to only 54 per cent in hotels and resorts, 19 per cent in tour operators, 35 per cent in travel agencies, and 36 per cent in enterprises that act as both tour operators and travel agencies.

The percentage of employees reporting a fall in earnings was sizeable among tour operators and travel agencies (72 per cent), tour guides (50 per cent), and hotels and resorts (50 per cent) during the second quarter of 2020, when a strict nationwide lockdown was in effect.

The situation remained almost the same during the third quarter except for employees working in

hotels and resorts, with 45 per cent reporting a fall in earnings.

This improved during the last quarter of 2020, when a lesser number of workers from all three sub-sectors reported decreased earnings.

“Wage subsidy was provided by the government for the industry during the first phase of the pandemic stimulus package announcement. Businesses in tourism sector, which faced similar losses, believe if they could receive such subsidies, their employment losses wouldn’t be that much and recovery would be faster,” said Binayak Sen, director general of BIDS.

Mohammad Yunus, senior research fellow at BIDS, Mohammad Mainul Hoque, research fellow, and Tahreen Tahrima Chowdhury, research associate, were present.

Lower-income people hung

FROM PAGE B4

“My family can afford only rice and smashed potatoes twice a day instead of three meals a day,” said the 50-year-old, as tears welled up in his eyes.

Joy Charan Das works as a cobbler in the East Tejguri Bazar area. He says six months ago, he could afford rice, eggs and fish two to three days a week.

“Now someday I eat rice, someday I eat roti.”

The sexagenarian has heard that the government is giving cards to the poor people to help them buy food items at subsidised

rates.

“I don’t know where to go,” he said.

As the prices of daily essentials have soared, the government has distributed cards among 87.10 lakh households in Chattogram, Sylhet, Rangpur, Rajshahi, Khulna and Mymensingh divisions since March 20. The card-holders will get edible oil, sugar, lentils and chickpea at subsidised prices under the open market sale operation of the TCB.

Shahin Hawlader, a 50-year-old van-puller in

the capital’s Vasantek area, says the monthly expenses of the family have increased by Tk 1,500-2,000 but the income has not.

Already he has reduced the expenses on essentials and medicines.

“I will observe the situation two more months. If the scenario does not improve, I will go to the village with my family.”

Nazma Shaheen, a professor at the Institute of Nutrition and Food Science at the University of Dhaka, says whenever a person’s economic condition worsens, he or

she cuts down on food consumption first.

But if they don’t take the minimum required calories and ensure a balanced diet, they would ultimately suffer from malnutrition, she said.

“Support is being given through the TCB, but not everyone is getting it,” said Binayak Sen, director-general of the Bangladesh Institute of Development Studies.

He called for policy intervention to supply essential items to the poor at a lower price when they become dearer.

FROM PAGE B1

These had prompted the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to send a letter to British billionaire Philip Day, owner of the Carlisle-based retailer specialising in clothing, in May 2020.

The BGMEA, alongside

the Bangladesh Knitwear Manufacturers and Exporters Association, through the letter sought to know the reason behind the hold-up in payments.

Receiving no response, the BGMEA had threatened to blacklist the EWM alongside its affiliates and third parties such as agents,

importers and full service vendors which directly or indirectly conducted business with them all.

The affiliates include brands and retailers Peacock, Jaeger, Austin Reed, Jacques Vert, Country Casuals, Windsmoor, Baumer of Germany, Bonmarche and Ponden Home. At the peak

of the pandemic, work orders worth \$3.18 billion were either cancelled or put on hold by international retailers and brands but later more than 90 per cent was reinstated as the situation improved.

Many buyers had also sought payment of dues to be deferred.

Stocks rebound

FROM PAGE B4

City Bank said it recommended stock dividends to strengthen its capital base in order to support future business growth and improve certain

regulatory ratios.

Likewise, stocks of Doreen Power Generations and Systems Ltd gained 1.43 per cent to reach Tk 71 after the private power producer announced that the Bangladesh Power

Development Board confirmed the dependable capacity of Chandpur Power Generations Ltd, a subsidiary of the company, is 115 MW.

Pubali Bank led the losers of the day after it recommended 12.5 per cent

cash dividends for 2021, when its earnings per share rose 17.5 per cent year-on-year to reach Tk 4.23.

Beximco Ltd topped the most traded chart with shares worth Tk 36 crore changing hands.

Russia relaxes rules on forex buying

REUTERS

Russia will relax temporary capital control measures aimed at limiting a drop in the rouble by allowing individuals to buy cash foreign currency and will also scrap commission for buying forex through brokerages, the central bank said on Friday.

The rouble has rebounded on the Moscow Exchange from record lows in March to levels seen before February 24, when Russia started what it calls "a special military operation" in Ukraine, as capital control measures suffocated demand for forex. The swift rebound in the rouble raised concerns about its economic and financial impact as analysts have warned that the volatile and strong rouble could pose a threat to Russian revenues from selling commodities abroad for foreign currency.

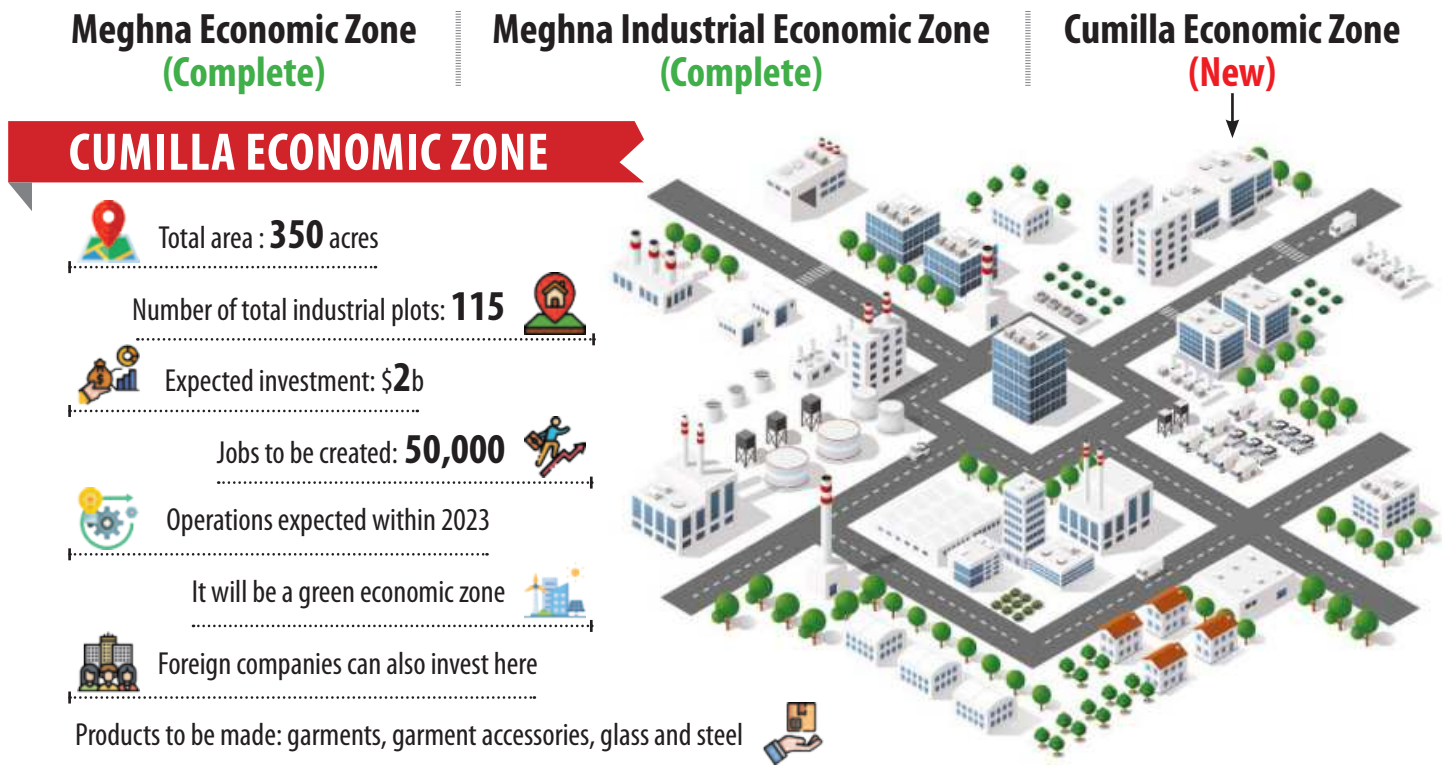
The central bank said banks will be allowed to sell cash foreign currency to individuals from April 18 but only the notes they have received no earlier than on April 9.

The central bank is also scrapping its requirement for banks to limit the gap between prices at which they offer to buy and sell foreign exchange. But it recommended banks sell forex to import-focused companies at a rate of no more than two roubles above the market rate.

The central bank said individuals will be allowed to withdraw not only dollars but also euros from their accounts from April 11, but kept the maximum amount that can be withdrawn until September 9 at the equivalent of \$10,000.

The rouble's rapid recovery has raised doubts about the durability of its gains. Anyone who tries to buy foreign currency online at a bank in Russia or, illegally, at a foreign exchange booth, or who buys goods and services online denominated in foreign currencies will find the actual rate considerably worse.

ECONOMIC ZONES OF MEGHNA GROUP



Lending leaping thru agent banking

AKM ZAMIR UDDIN

Banks had initially focused on using agent banking platforms to mobilise deposits from rural areas, for which lending took a back seat.

But lenders have recently reshaped this service of theirs which takes banking to the unbanked, ramping up lending operations through the branchless banking model.

Loan disbursement through the agent banking channel stood at Tk 5,347 crore in 2021, up 182 per cent year-on-year, according to data from Bangladesh Bank.

Agent banking has helped the country's banking sector run operations smoothly at the height of the coronavirus pandemic doing away with the need for a brick-and-mortar presence, which consequently augmented loan disbursements through the window.

Bankers said lending through the window would surpass corresponding deposits mobilised by the lenders in the quickest possible time as this mode of service helped banks count lower operational costs compared to branches.

In addition, farmers and micro-scale business entrepreneurs, who can hardly manage finance from banks, are now benefitting from the easy access to loans

enabled by agent banking.

At present, the lenders are disbursing loans ranging from Tk 20,000 to Tk 200,000 to borrowers at an interest rate of 9 per cent through the channel.

The central bank issued an agent banking guideline in 2013 but the licensees did not start full-fledged operations until 2016.

Some 29 banks are now providing financial services to clients through this alternative mode of banking.

Brac Bank has secured the top position in terms of lending among the banks. It accounted for 63 per cent of the loans disbursed by 29 lenders through the channel.

Selim RF Hussain, managing director of Brac Bank, said they had laid emphasis on agent banking to disburse loans among cottage, micro, small and medium enterprises.

The bank will ramp up its loan disbursements through the channel in the near future as it is an easy method to reach the underprivileged enterprises, he said.

Md Arfan Ali, managing director of Bank Asia, said loan disbursements through the platform would increase manifold within a year or two.

The volume of loans will exceed the amount of deposits soon as banks are now keen to use the platform for loan

disbursement, he said.

The deposit balance stood at Tk 24,294 crore last year, an increase of 52 per cent from that the year before.

Bank Asia, which accounted for 15 per cent of the outstanding loans in the agent banking platform, now concentrates on eight to 10 districts to disburse loans, Ali said.

"But, we have planned to disburse loans among farmers and microenterprises of 64 districts within this year, which means credit volume of the bank will sharply rise," he said.

Agent banking will gain more popularity soon as each outlet acts almost like a bank branch as they offer major banking services such as enabling making cash deposits and withdrawals and receiving remittance, alongside lending.

Agents are also enthusiastically embracing agent banking as lenders provide hefty commissions and profits for operating the financial services, Ali said.

For instance, Bank Asia now offers 0.5 per cent on the amount of loan disbursed by agents as commission.

Similarly, the agents now get 2 per cent of the deposits they mobilise as commission.

There were 13,086 agents across the country as of the end of December, whereas it was 11,925 a year ago.

Meghna to set up economic zone in Cumilla

Will invest Tk 1,200cr

STAR BUSINESS REPORT

Meghna Group of Industries (MGI) is going to set up its third economic zone in the eastern district of Cumilla at a cost of around Tk 1,200 crore in a bid to develop an industrial area that will attract both foreign and local investment.

MGI, one of the leading business houses in Bangladesh, has already spent Tk 800 crore to purchase and develop 250 acres of land for the Cumilla Economic Zone (CEZ).

The company plans to invest the rest of the amount on preparing facilities so that factories in the CEZ can start production by 2024, according to Mostafa Kamal, chairman and managing director of MGI.

"We have already developed the land and work is ongoing to build internal roads," he said after the Bangladesh Economic Zones Authority (Beza) handed over the required license to MGI at an event at the InterContinental Dhaka.

The CEZ is the 12th private economic zone to be permitted for construction by Beza.

Once operational, the industrial area is expected to create employment opportunities for around 50,000 people and draw investment of \$2 billion.

So far, 33 factories have been set up in the two other economic zones operated by MGI, and 12 of those companies are fully foreign owned.

"Being close to Dhaka, the CEZ will get a huge response from domestic and foreign entrepreneurs. There are plans to give at least 50 per cent of the land to foreign investors," said Shaikh Yusuf Harun, executive chairman of Beza. As such, this economic zone will become one of the centres of foreign investment, he added.

Beza has developed 15 economic zones under its own initiative through public-private partnerships and government-to-government contracts. The country's economic zones have so far received investment proposals of about \$3.2 billion.

MGI earlier developed the Meghna Economic Zone and Meghna Industrial Economic Zone in Narayanganj.

The CEZ is situated in Meghna upazilla of Cumilla district, close to the Dhaka-Chattogram highway. There will be a total of 115 industrial plots in the zone that will expand to 350 acres after completion of first phase.

According to the plan, factories and administrative buildings, warehouses, logistics areas, water and waste treatment plants, roads and other necessary facilities will be constructed to make the CEZ a self-sufficient industrial hub.

German growth to fall to 1.5pc: minister

REUTERS, Berlin

Germany's economic growth could fall to 1.4 per cent-1.5 per cent this year, from 2.7 per cent in 2021, with an average of around 590,000 people on reduced-hours lay-off schemes over the course of the year, Labour Minister Hubertus Heil said in an interview with Bild am Sonntag.

"We will still be growing," Heil said. "But this all subject to the proviso that the war does not spread further and that energy supply remains in place," he added.

Maiden commodities exchange RMG exports

FROM PAGE B1

reality owing to complexities over warehouses and the lack adequate eligible traders, said AB Mirza Azizul Islam, the then finance adviser to the caretaker government.

"The country also lacked necessary infrastructure of warehouses," he told The Daily Star yesterday.

The CSE, which got the preliminary nod to establish the exchange from the BSEC last year, is hopeful of rolling out the exchange within the current year. The BSEC expects to preliminarily include gold, industrial raw materials such as iron ore, and agricultural products, namely tea to the exchange.

The exchange will facilitate the participation of farmers alongside financing for them while the producers will have to avail of insurance.

BSEC Commissioner Ahmed said there was a global demand for some of the country's agricultural products such as tea and jute, and the use of the exchange, even for the export of the products, would enable producers to secure fair prices.

"Some of our crucial products are imported by a few enterprises, so the prices and quality are wholly determined by their actions," he said.

"The exchange would help break up the syndicate, subject to efficient handling," he added.

Bangladesh's demand and import of commodities are of such a huge volume that it sometimes goes on

to affect product prices at the Chicago Board of Trade (CBOT), he said. The CBOT is the world's largest commodities exchange established in 1848.

As with any developing country, Bangladesh needed such an exchange in its formative years to have an efficient commodities market in place.

Among the neighbouring countries, India and Nepal have a number of commodities exchanges.

The earliest recognised futures trading exchange is the Dojima Rice Exchange, established in Japan in 1730 for the purpose of trading rice futures.

Pakistan and Nepal established the commodity exchange in 2007 and 2009, respectively.

Among the African nations, Ethiopia initiated the commodity exchange market in April 2008 followed by Kenya.

The African commodity exchanges trade only agricultural produces, while the Indian commodity exchanges are trading many goods, including cash crops, food grains, plantations, spices, oil seeds and metals.

Pakistan's commodity exchange market trades gold, cotton, yarn, sugar, rice and wheat, while Nepal allows trading of cash crops, food grains, vegetables, spices, oil seeds, metals and bullion.

Bangladesh imports a huge amount of commodities, so the commodities exchange will safeguard against price fluctuations, said Sadeq

Zaman, associate director of PwC Bangladesh.

"Instead of a set price, it would work for establishing a competitive price."

"As the MCX has a lot of experience and with economic conditions being similar, their inclusion will hugely benefit us," he said.

However, it will take time to reap the benefits as the exchange is just coming into existence, he added.

The market's objective is to reduce the price gap between the consumers' end and producers' end, said Md Ghulam Faruque, acting managing director of the CSE.

It will also help discover a future price, so producers will be able to realise the future price of a product. "So, once agricultural products are included in the exchange, our farmers will be benefited."

In the first phase, the target is to trade gold, cotton and crude oil.

"The team of the MCX will work finding which goods would be feasible for our market. Then we will decide on the final products," said Faruque.

The market will run on a non-delivery cash settlement system, so warehouse infrastructure is preliminarily not necessary, he said, adding that the CSE would mainly need IT infrastructure to operate the exchange.

"People have little knowledge about it so the technical know-how is also necessary. We will provide training to our stakeholders with the help of the MCX."

FROM PAGE B1

Only seven Russian banks have been brought under the purview of the SWIFT ban and the country's buyers are making payments to Bangladeshi sellers through other lenders.

Besides, most of the liaison offices of major retailers and brands in Russia are making payments from their offices in Hong Kong, China, and Turkey.

"We are sending goods to Russia as we booked the orders before the war. We have also received some payments in advance," said an exporter, asking not to be named.

"However, the goods are being sent via different routes. China and Hong Kong are our new routes," he said, adding that Russian buyers are paying him through alternative channels like a telegraphic transfer.

The exporter has shipped goods worth \$1.2 million. His buyer is yet to pay him \$0.35 million. Still, he has continued shipping woven shirts and tops of ladies.

"A new opportunity has opened up for Bangladeshi garment items in the Russian market," he said.

Asif Ashraf, managing director of Urm Group, says he does not send goods to Russia directly. The products are rather shipped through some international buyers.

A payment of nearly \$1 million is on hold as buyers are taking time to make the payment, he said. "If the buyers agree, I may send goods to Russia in the future."

Shahidul Islam, managing director of Rupa Group, has received

a payment of \$30,000 recently and is waiting to get another \$1.5 lakh from a Russian buyer by April 15.

"The shipments of garments to Russia are not fully shut," said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

Many exporters are sending goods to Russia as they have a warm relationship with the buyers, he said.

"Many Russian banks are not facing the SWIFT ban, so buyers are paying directly to the local exporters through banking channels."

Officially, Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, doesn't suggest local garment exporters ship products to Russia.

He also urged the suppliers to be careful so that payment does not get stuck. "Although Russia is a very promising market for us, the payment is a big challenge because of the SWIFT ban."

Nearly 150 suppliers export garment items to Russia.

Apparel shipment fetched \$600 million last fiscal year, up 36 per cent. The export value may go up to \$1 billion in the current fiscal year ending in June.

Export receipts from garment shipments to the country registered 35.30 per cent year-on-year growth at \$481.23 million during the July-February period, the latest for which data from the Export Promotion Bureau is available.

Commodity exchange need

FROM PAGE B1

commodity ecosystem in the country.

"It will establish an automated market linkage between big groups of stakeholders, including producers and end-users, to affirm a structural governance practice," he added.

Commodity exchanges also play an important role in developing the ecosystem for physical market trading in emerging countries like Bangladesh.

The benefits of establishing a vibrant commodity derivative and spot markets in Bangladesh are manifold.

It will help the government effectively monitor the movement of essential commodity prices and lubricate the supply chain, bringing competitiveness and efficiency to the market mechanism by setting up modern commodity ecosystem infrastructures.

Commodity exchanges are important market infrastructure institutions that improve the competitiveness of commodity ecosystem participants by fulfilling important functions of price risk management and price discovery.

In addition, it facilitates an enabling policy environment, such as warehouses, collateral management services, cold storages and quality testing centres, which further contribute to establishing rural infrastructure and increasing post-harvest credit flow in agriculture.

"This promotes the discovery of referenceable national prices, and price transparency," Ibrahim said. Through the

innovative application of emerging information and communication technologies, commodity exchanges can catalyse the integration of small producers with supply chains.

For an emerging economy like Bangladesh, the commodity market will result in the reduction of post-harvest losses through price stability, improvement in commodity price risk in both locally produced and imported supplies and credit risk management, provision of a transparent and competitive price discovery mechanism, reduction in transaction and marketing costs.

About the challenges of the exchange, Ibrahim said engaging many authorities such as regulatory bodies while also involving different third parties might cause delays in the approval processes.

The absence of a structured spot exchange in Bangladesh might make setting reference prices an intricate process.

"For futures trading, we need market structures like warehouses but such facilities are yet to be established. This includes the lack of enough third-party service providers, such as vault services, to affirm a harmonious delivery mechanism."

Since automated and structured commodity trading is a fresh idea for Bangladesh, raising market awareness and enlightening stakeholders through training and other measures might be a huge task.

"However, the issue can't be avoided as providing producers and end-users with the tools to participate

in the commodity exchange is vital for successful contract executions," said Ibrahim, also a former president of the Dhaka Chamber of Commerce and Industry.

Still, though, implementing a new asset class and integrating its system will require massive hardware upgrades and system customisation.

In its quest for a suitable knowledge sharing partner, the CSE explored numerous international commodity markets and sovereign consultants, such as NSE India, Multi Commodity Exchange (MCX) India, Bursa Malaysia, Indonesian Stock Exchange, PwC, the UAE's Pride Group, and Russian Investment Group.

Considering the financial aspect, previous relationship, practical implications in the execution phase and solid cultural integration, the CSE approached MCX India for institution-to-institution cooperation and/or consultancy.

Regarding the investment required to establish a commodity exchange, the CSE chairman said proportionately typical expenses are incurred in two segments.

The first is primary expenses for system development, such as software, while the secondary expenses are for physical or structural development.

"But most of the expenses apart from system development are hypothetical as they can only be gauged through phase-by-phase development of the project," said Ibrahim, a former chairperson of the Business Initiative Leading Development.

Stocks rebound after 4-day decline

STAR BUSINESS REPORT

Stocks in Bangladesh yesterday ended a four-day losing streak as investors capitalised on declining share prices in anticipation of future gains, according to market analysts.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 21 points, or 0.31 per cent, to hit 6,662 by the end of the trading session.

Similarly, the CASPI, the main index of the Chittagong Stock Exchange, gained 42 points, or 0.21 per cent, to close at 19,544.

"Stocks posted modest gains as investors are showing interest in stocks with lucrative prices," International Leasing Securities Ltd (ILSL) said in its daily market review.

Daily turnover at the DSE stood at Tk 643 crore, up 24.8 per cent from Tk 515 crore the previous day

As such, investors increased their participation in order to grab the potential of future gains by purchasing cheaper stocks, it added.

However, ILSL went on to say that investors are following a cautious stance as inflation in the country is rising gradually.

Meanwhile, daily turnover at the DSE stood at Tk 643 crore, up 24.8 per cent from Tk 515 crore the previous day.

Non-bank financial institutions booked the highest gains followed by the pharmaceutical, fuel and power, and engineering sectors. Telecommunication experienced the highest loss while bank, and food and allied stocks followed suit, according to the daily market update by BRAC EP Brokerage Ltd. Of the total 379 securities traded at the DSE, 217 gained, 110 fell and 52 remained unchanged.

Shares of City Bank Ltd advanced 4.78 per cent to Tk 26.30 after it posted nearly 26 per cent growth in its earnings per share, which stood at Tk 5.15 in 2021.

The private lender, which became the eighth highest gainer yesterday, declared 12.5 per cent cash and 12.5 per cent stock dividends for the year.

READ MORE ON B2



SOARING PRICES OF COMMODITIES

Lower-income people hung out to dry

SUKANTA HALDER and MD ABU TALHA SARKER

For the last two months, 35-year-old security guard Saiful Islam could not send any money to his parents living in a village in Rangpur, one of the poverty-stricken divisions in Bangladesh.

Rickshaw-puller Miraj Shaikh is failing to put aside money for the treatment of his three-year-old baby.

Day labourer Anisur Rahman Mondol could not provide any meat to his family.

And van-puller Shahin Hawlader is considering returning to his village from Dhaka if the ongoing cost of living crisis persists.

These are the stories of distress of the low-income people and similar stories of struggle, anguish and helplessness could be found if you ask the low-income people in your neighbourhood about how they are coping with the high prices of essential foods.

The spike in the prices of key food items and other costs has eaten up much of their purchasing capacity, made their struggle harder and shattered their hopes to live a better life.

And it came at a time when many of them had hoped to make a turnaround as economic activities picked up from the coronavirus pandemic-induced economic slowdown and on and off lockdowns, which destroyed much of their income opportunities.

Officially, one-fifth of the nearly 17 crore population are poor but private research organisations say the number of poor people has increased after the pandemic hit Bangladesh. Now, the rise in the cost of living, fueled by higher commodity prices amid the Russia-Ukraine war, has dashed their recovery hope.

"It has become difficult for me to bear the family expenses amid the surging prices of essentials," said Abdur Rahman, a street vendor, who sells fruits in Mirpur in

the capital.

"So, I have cut back on the costs on daily groceries to strike a balance between the expenses and my income," said Rahman, who has become the sole breadwinner of the six-member family after his father became sick in 2016.

Before the latest price shock, the 25-year-old used to spend around Tk 5,000 per month to buy rice, fish, eggs, vegetables, meat and other basic items. Now, he has to make do with Tk 3,500.

"It hurts. But what else can I do?" asked Rahman.

Saiful Islam works as a security guard at a house in Mugga for a monthly salary of Tk 10,000. He has to spend Tk 4,000 as house rent for his three-member family.

Even two months ago, he had to send Tk 1,500 to his parents living in the village and set aside Tk 1,200-1,300 for his two-year-old son.

The rising cost of living has forced him to cut down on the budget for his son by a quarter. He also has not been able to send any money to his parents in the last two months.

"My parents are relying on personal loans to survive," Islam

said.

"Life has become miserable for us. How long will we have to survive eating rice, pulses and potatoes?"

Prices of rice, flour, pulses, oil, fish, meat, vegetables, soap and milk rose by 12 per cent in February, according to a report of the Consumers Association of Bangladesh.

The prices of essentials, including flour, edible oil, sugar, red lentil, eggs and onions, have gone up by 10 to 40 per cent in the past one year, data from state-run Trading Corporation of Bangladesh (TCB) showed.

In Bangladesh, inflation has been at a higher level for the elevated commodity prices globally, fueled by supply constraints, pent-up demand and unprecedented shipping costs.

Inflation rose 6.17 per cent in February, according to the Bangladesh Bureau of

Statistics.

Miraj Shaikh lives in the capital's Agargaon area with his four-member family. He rides a rickshaw and can save Tk 300-350 every day after meeting all expenses.

His three-year-old son's heart has a hole and for this, he has to take him to the hospital every three months for a regular checkup.

"Doctors have told us an operation will be possible when he turns five. So, we have been depositing some money regularly for him. But we have not been able to save any money for him in the last three months," he said.

Shaikh's monthly budget for rice was Tk 1,100 before the price hike. But because of the rising expenditures, he can't afford the same quality rice as in the past.

His family used to eat eggs four days a week and fish once a week. "Now, we eat eggs twice a week. We eat rice with vegetables and lentils during the rest of the week," said the 27-year-old.

Anisur Rahman Mondol, a daily-wage labourer in the capital's Gabtoli area, earns Tk 300-350 a day and lives in a rented room with wife and four children.

"None of my family members have eaten fish or meat for nearly a month. When my children ask me why there has been no fish or meat, I have no answer."

The average prices of pumpkin, cauliflower, cabbage, papaya, green bean, gourd, cucumber, brinjal, radish, carrot, tomato, and pea have risen by about 60 per cent. Ayesha Begum works as a domestic help in Kachukhet and earns Tk 9,000. She became the breadwinner of the four-member family after losing her husband a few years ago.

"What I earn today is not enough to run the family. So, I have borrowed some money," said the 33-year-old.

The family's house rent is Tk 3,500 and it has been unpaid for the last two months.

"The homeowner has already told me to clear the dues or leave. I am at a loss," she said.

Afsar Ali, a construction worker, came to Dhaka from Barishal 20 years ago. He lives in Merul Badda with his parents, wife and a daughter, who has been divorced recently.

READ MORE ON B2

How do you define a good boss?

MAMUN RASHID

Just after leaving Citibank early in the second quarter of 2011, I met an HR specialist in Singapore. An investment banker friend introduced me to her over dinner and upon learning about my recent decision to leave commercial banking after 25 years, she asked: "How were you as a boss?"

The question was simple and short, but it really got me thinking. And now, after eleven years, I can tell you with confidence that ensuring the best out of your colleagues warrants a lot of empathy and handholding from the boss.

Of course, I had my fair share of mistakes, possibly a few too many. You might be a terrific revenue driver but given the choice, would your employees ever want to work for you again? Most importantly, do you know how it feels to work for you? Beyond the quantitative metrics we measure

bosses by, these human factors determine your efficacy to a large extent.

The happiness factors

If you ask someone what makes employees happy at work, many are likely to think in terms of tangible rewards: a good salary, pleasant workspace, generous benefits, and the like.

However, workplace specialists are increasingly discovering that for many workers the "happiness factor" depends on intangibles such as respect, care, trust, fairness, engagement, mentorship, and according to many management "gurus", empowerment.

It is in fact the small things which make employees feel committed to an organisation.

Workplace happiness often depends on two components: the institution, its culture, and the boss.

Workplace specialists are increasingly discovering that for many workers the "happiness factor" depends on intangibles such as respect, care, trust, fairness, engagement, mentorship and empowerment

A boss may often be considered an institution by himself, one who sets the corporate culture, creates a positive and a dynamic work environment, sets high standards, and ultimately gets people engaged in their work. It may happen that you are happy in your work but not happy in a specific environment due to a variety of factors, such as a bad boss, a bad corporate culture, or a colleague who makes your life miserable.

People have different opinions on what brings them happiness and satisfaction on the job, but certain priorities remain constant in terms of what employees say makes them happy.

The boss vs the company

Bosses indeed play a key role in determining a worker's happiness factor. More than half of the employees responding to an annual job-satisfaction survey admit they do not leave companies, they leave bosses. This leads to a question: When workers accept employment, do they only join institutions, or do they join for the leaders too?

It is not easy to be a good boss; you must be fully present and responsive to the complexities of each new situation and manage a diverse group of people, including your employees whom you must develop.

READ MORE ON B2

Russia jacks up its emergency spending fund by \$3.5b

REUTERS

The Russian government said on Sunday it has increased its reserve fund used for emergency spending by 273.4 billion roubles (\$3.52 billion) to ensure economic stability against the backdrop of Western sanctions over Ukraine.

The sanctions, imposed after Russia invaded Ukraine on February 24 in what Moscow describes as a "special military operation", cut Russia off from the global financial system and supply channels.

Western nations are also moving closer to a complete ban on energy from Moscow to strip the Kremlin of its biggest source of revenue. The government has already pledged more than 1 trillion roubles in anti-crisis support to businesses, social payments and to families with children, which will take up all of this year's incoming revenues, so there will be no budget surplus.

"The funds, among other things, will be used to implement measures aimed at ensuring economic stability in the light of external sanctions," the government said in a statement on Sunday.

The government's reserve fund is a cash cushion to be used for unexpected spending that was not projected in the state budget. Last year, it was used for one-off social payments and to fight the pandemic.

The government said the main source of the reserve fund's increase was 271.6 billion roubles in additional energy revenues received in the first quarter, as oil and gas prices rose in response to the recovery from the impact of Covid-19 and the Russia-Ukraine conflict raised the risk of disrupted supply. Russia supplies around 40 per cent of the European Union's natural gas consumption, which the International Energy Agency values at more than \$400 million per day.



A string of cargo ships are docked at the Black Sea port of Odessa in the war-hit Ukraine. The country yesterday banned all imports from Russia, which was one of its key trading partners before the war, when its annual imports were valued at \$6 billion.

PHOTO: REUTERS/FILE

Ukraine bans all imports from Russia

REUTERS, Melbourne

Ukraine has banned all imports from Russia, one of its key trading partners before the war with annual imports valued at about \$6 billion, and called on other countries to follow and impose harsher economic sanctions on Moscow.

"Today we officially announced a complete termination of trade in goods with the aggressor state," Economy Minister Yulia Svyrydenko wrote on her Facebook page on Saturday.

"From now on, no Russian Federation's products will be able to be imported into the territory of our state."

Since the start of Russia's invasion of Ukraine on Feb 24, exchange of goods and services between the two neighbouring countries has been virtually non-existent, but Saturday's move makes the termination of imports a law.