

Farmers get loan rescheduling facility

STAR BUSINESS REPORT

The Bangladesh Bank yesterday relaxed the rescheduling policy for short-term farm loans to support farmers in the wake of rising prices of agricultural items in the global market.

As per the new policy, farmers will be able to have their default loans rescheduled without any down payment.

They will also enjoy a six-month grace period and the repayment tenure of the loans will be three years, said the BB in a notice.

Farmers usually have to repay their short-term loans by 12 months and are given a maximum 18 months in repayment tenure when the loans turn sour.

After the rescheduling of the loans, banks will now be able to extend fresh loans without taking any deposits from farmers.

The farmers who are facing certificate cases will also qualify for the relaxed facility. In such a situation, banks will have to have the procedure of cases suspended or settle them based on the agreement with borrowers.

The move comes at a time when the onrush of water inundated standing Boro paddy fields in the haor areas, dashing hopes for food security and income of hundreds of farmers in the northeast region.

The haor areas, comprising the Sylhet division and a part of the Mymensingh division, make up 16 per cent of the total annual Boro rice production in the country.

The price of agriculture items has increased in the global market owing to the Russia-Ukraine war, supply disruptions and demand recovery, making imports expensive.

Atiur Rahman, a former governor of the central bank, welcomed the move, saying the decision would provide respite to farmers to continue farm activities.

"The farm sector helped keep the wheels of the economy running during the height of the pandemic."



Paddy undergoes threshing for the edible part of the grain to be loosened from the straw. Farmers have planted paddy on increased areas of land during the current Boro cultivation season after being encouraged by higher prices for the staple grain in the domestic market for the last one year. The photo was taken near Ashulia of Savar recently.

PHOTO: ANISUR RAHMAN

DSE turnover up 53pc on BSEC move

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Stocks in the Dhaka bourse returned to the black yesterday on falling by a massive extent for the past two days while turnover rose 53 per cent.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), rose 47 points, or 0.73 per cent, to reach 6,530 at the end of the day.

Both the DS30, the blue-chip index, and DSES, the Shariah-based index, went up by 26 points and 14 points respectively.

Turnover of the DSE also increased 53 per cent to Tk 599 crore from that the previous day.

Market analysts say the market and turnover soared as some of the institutional investors responded to a Bangladesh Securities and Exchange Commission (BSEC) letter to stockbrokers last Monday urging them to increase their participation in the market.

The main bourse of the country bounced back after a two-day slump as the bargain hunters exhibited an interest in making sector-wise purchases, said International Leasing Securities in its daily

market review.

The investors got back their confidence for the BSEC proposal for brokers, dealers, merchant bankers and asset management companies to take initiatives to make fresh investments through their own portfolios, it said.

Meanwhile, the turnover also increased significantly due to the active participation of the optimistic investors.

With the recent fall of the index, many stocks had been downed to their lowest in a year which lured some investors into participating in trade, said a stockbroker.

On the other hand, several listed companies disclosed some good news which attracted investors and these stocks rose. As the companies are based on big capital, it positively impacted the index, he added.

Bangladesh Submarine Cable Company announced on Monday that it would increase its planned investment to connect to a third submarine cable by 25 per cent to avail double the bandwidth.

With Tk 870 crore, the company will now get 13,200 Gbps from the South East Asia-Middle East-Western Europe 6 (SEA-ME-WE 6) consortium.

Yesterday, stocks of the company rose 6 per cent to Tk 220 at the DSE.

Stocks of Doreen Power Generations and Systems soared 7.60 per cent to Tk 78 on news going public that its profits had jumped 54 per cent in the first nine months of financial year 2021-22.

The power producer logged consolidated profits of Tk 134 crore between July 2021 and March 2022 while it was Tk 87 crore during the same period in the previous financial year.

Among the sectors, fuel and power rose 1.8 per cent and ceramic 1.6 per cent. According to the turnover, investors' attention was mainly concentrated on miscellaneous (15.6 per cent), pharmaceuticals & chemicals (10.8 per cent) and bank (8.8 per cent).

At the DSE, 195 stocks advanced, 132 declined and 51 remained the same.

JMI Hospital Requisite Manufacturing topped the gainers' list with a rise of about 10 per cent. The Doreen Power Generations and Systems, Janata Insurance Company, IBN SINA Pharmaceutical Industry and Bangladesh Submarine Cable Company also saw major gains.

ADP spending gains pace

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Public expenditure for development programmes gained pace in March this fiscal year, taking the overall implementation rate to a three-year high of 45.5 per cent, according to official data.

In March, government agencies increased their spending by 10.53 per cent year-on-year to Tk 22,867 crore for various projects under the Annual Development Programme (ADP).

Overall implementation of the ADP in terms of expenditure rose to Tk 98,934 crore in the July-March period of fiscal year 2021-22 from Tk 87,735 a year ago, according to data from the Implementation Monitoring and Evaluation Division (IMED) under the planning ministry.

"Development related activities have increased. We have also seen that foreign tours for education purposes which were stalled for pandemic-induced travel restrictions have increased," said a senior official of the IMED.

Besides, historically, the pace of implementation of the ADP increases from March every fiscal year.

"That trend is on this year too. Usually, the implementation rate remains in the take off stage in the first quarter and then gradually gains momentum," the official said.

The government initially allocated Tk 225,324 crore for the ADP for fiscal year 2021-22, which was 14 per cent higher than the revised allocation for the previous fiscal year.

In March, the government revised down the ADP allocation by nearly 4 per cent to Tk 217,175 crore for the ongoing fiscal, ending in June. This means that public agencies will be required to spend Tk 118,241 crore in the last quarter, which given the previous years' trend of implementation is unlikely.

Oil price dips on demand concerns

REUTERS, London

Oil prices fell in volatile trading on Tuesday on demand concerns after the International Monetary Fund (IMF) reduced its economic growth forecasts and warned of higher inflation.

Brent crude was down \$3.94, or 3.4 per cent, to \$109.22 a barrel at 1338 GMT, having risen more than \$1 to \$114.21 earlier in the session.

US West Texas Intermediate crude fell \$3.80, or 3.5 per cent, to \$104.41 after touching \$108.92.

The IMF on Tuesday cut its forecast for global economic growth by nearly a full percentage point, citing Russia's invasion of Ukraine, and warned that inflation is now a "clear and present danger" for many countries.

The bearish outlook added to price pressure from the dollar trading at a two-year high. A firmer greenback makes commodities priced in dollars more expensive for holders of other currencies, which can dampen demand.

Concerns over demand growth were already in focus after a preliminary Reuters poll on Monday showed US crude oil inventories are likely to have risen last week.

Sign FTA with Korea that benefits both

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In 2021, bilateral trade stood at around \$1.525 billion with a negative balance of \$727 million for Bangladesh, he said.

He said currently, around 95 per cent of Bangladeshi items exported to South Korea receive a duty-free quota-free facility under a preferential scheme for the LDCs.

Kihak Sung, chairman and CEO of Youngone Corporation, said the investment of Youngone Corporation in Bangladesh was about \$600 million.

In the next five years,

readymade garment export to South Korea will cross \$1 billion, he hoped.

As South Korean investments are coming in to Bangladesh's high-tech industries, stable and high quality energy supply is very important, he opined.

He urged for smoother customs and port facilities, an easy tax regime, smooth inland transportation system and product diversification.

He also stressed the importance of enhancing labour productivity and efficiency for better production.

Youngone Corporation has already developed a high-tech park together with the Bangladesh government and is going to invest a minimum of \$200 million in the next couple of years, said Sung.

M Delwar Hossain, Bangladesh ambassador to South Korea, said South Korea was the fifth largest foreign investor in Bangladesh.

South Korean investors are now showing interest to invest in electronics, home appliances, automobile and high-tech industries, he said.

Inflation sprints

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research director of the South Asian Network on Economic Modeling, called for identifying labourers and fixing a minimum wage for them.

Then the government can move for putting in place a system to adjust wages in line with inflation, she said.

She says the government should also introduce identification cards so that it can extend some form of

prices, said the World Bank in its latest report.

In a write-up yesterday, Pierre-Olivier Gourinchas, economic counsellor and director of the research department of the International Monetary Fund, said inflation has become a clear and present danger for many countries.

Even prior to the war, it surged on the back of soaring commodity prices and supply-demand imbalances.



social safety net assistance to them when they need it most.

"Our ultimate target would be introducing an unemployment insurance scheme," said Bidisha, also a professor of economics at the University of Dhaka.

Countries could expect a higher inflation rate for the rest of 2022 and beyond.

For Bangladesh, the inflation outlook has worsened due to the war in Ukraine and associated sanctions that resulted in higher global commodity

"We now project inflation will remain elevated for much longer," he said.

Gourinchas urged central banks to adjust their policies decisively to ensure that medium- and long-term inflation expectations remain anchored.

"Several economies will need to consolidate their fiscal balances. This should not impede governments from providing well-targeted support for vulnerable populations, especially in light of high energy and food prices."

IMF cuts global growth forecast

REUTERS, Washington

The International Monetary Fund on Tuesday slashed its forecast for global economic growth by nearly a full percentage point, citing Russia's war in Ukraine, and warning that inflation was now a "clear and present danger" for many countries.

The war is expected to slow growth and further increase inflation, the IMF said in its latest World Economic Outlook, while warning that its forecast was marked by "unusually high uncertainty."

Further sanctions on Russian energy and a widening of the war, a sharper-than-forecast deceleration in China and a renewed flare-up of the pandemic could further slow growth and boost inflation, while rising prices could trigger social unrest.

The global lender, which downgraded its forecasts for the second time this year, said it now

projects global growth of 3.6 per cent in 2022 and 2023, a drop of 0.8 and 0.2 percentage point from its January forecast, given the war's direct impacts on Russia and Ukraine and global spillovers.

Medium-term global growth is expected to decline to about 3.3 per cent over the medium-term, compared to an average of 4.1 per cent in the period from 2004 to 2013, and growth of 6.1 per cent in 2021.

"Global economic prospects have been severely set back, largely because of Russia's invasion of Ukraine," IMF chief economist Pierre-Olivier Gourinchas wrote in a blog released Tuesday with the revamped outlook.

The war has exacerbated inflation that already had been rising in many countries due to imbalances in supply and demand linked to the pandemic, with the latest lockdowns in China likely to cause new bottlenecks in global supply chains.

Crypto industry steps up efforts to influence EU policy

REUTERS, London

More than 40 crypto business leaders have asked the European Union not to require crypto firms to disclose transaction details and dial down attempts to bring to heel rapidly growing decentralised finance platforms.

The European Union, like countries and jurisdictions across the globe, is working to tame the freewheeling crypto sector. The EU is ahead of the United States and Britain in developing a set of rules for the \$2.1 trillion sector.

In a letter seen by Reuters sent to 27 EU finance ministers on April 13, crypto businesses asked policymakers to ensure their regulations did not go

beyond rules already in place under the global Financial Action Task Force (FATF), which set standards for combating money laundering.

EU lawmakers last month voted to back new safeguards for tracing bitcoin and other cryptocurrencies.

The rules, opposed by major U.S. exchange Coinbase Global Inc, would require crypto firms to gather and hold information on who is involved in digital currency transfers, read more

In response to last month's vote, 46 European crypto industry leaders and organisations said in their letter that the proposals "will put every digital asset owner at risk" by leading to public disclosure of transaction details and wallet addresses.

Businesses bashed by New Market

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planned to visit New Market on Tuesday for shopping but ultimately returned to home after seeing the shops were closed.

"I just bought some clothes, shoes and perfumes from different malls in Mirpur," he added.

Helal Uddin, president of the Bangladesh Dokan Malik Samiti, said it is

unfortunate that the clash occurred during this peak sales season.

"The New Market area houses around 15-16 big malls where 150,000 businessmen are involved. The total sales loss would be over Tk 70 crore," Uddin added.

He went on to say that law enforcement agencies had assured that they would

be able to open the market from yesterday evening as the clash would have been dealt with by then.

According to Dewan Aminul Islam Shahin, president of the Dhaka New Market Business Association, there are over 10,000 shops in the area.

He urged everyone to behave rationally as such clashes benefit no one.

Don't charge over 1pc for export

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As per the central bank policy, the exporters in the manufacturing sector are allowed to get the fund at 2 per cent interest, of which lenders can enjoy 1 per cent interest.

The BB in its notice said that the ongoing export trend created a

huge demand for input procurement, leading to pressure on EDF loans, the volume of which now stands at \$7 billion.

Imposing the ceiling will help exporters run their industries in a smooth manner, the official said.

Export receipts hit \$4.76 billion in March, the

highest ever on record in a single month, posting 55 per cent growth year-on-year.

In March, the total earnings from shipping goods abroad rose 33.4 per cent year-on-year to \$38.6 billion in nine months since July of 2021-22 fiscal year.