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## BSEC raises circuit breaker's lower limit

**STAR BUSINESS REPORT**

The Bangladesh Securities and Exchange Commission (BSEC) has raised the market circuit breaker's lower limit to 5 per cent from existing 2 per cent with effect from today.

Last month the regulator lowered the circuit breaker's lower limit to 2 per cent from 10 per cent in an attempt to stop any free fall of the stock market index amid the global chaos following the start of the Russia-Ukraine war.

**Stocks now will be allowed to fall by at most 5pc in a day instead of 2pc**

However, the lowering of the circuit breaker turned the market illiquid and turnover of the Dhaka Stock Exchange (DSE) dropped to its lowest in a year in the current week.

Responding to this, the BSEC increased the lower limit. As a result, the stocks will be allowed to fall by at most 5 per cent in a day instead of 2 per cent.

The BSEC issued an order in this regard yesterday, saying this was expedient in regulating share price movements in trading at the stock exchanges and was in the interest of the investors and development of the securities market.

The BSEC hereby directs, on a temporary basis, that the DSE and Chittagong Stock Exchange impose standard downward price change limit (circuit breaker) of 5 per cent instead of 2 per cent based on the previous trading day's closing price, it said.

The upper limit of the circuit breaker shall remain unchanged, it added.

## Correction

In yesterday's lead story headlined "Inflation sprints to 78-month high", the duration we mentioned was incorrect. Actually, inflation in Bangladesh rocketed to a 17-month high in March. We deeply regret the error.

## Fate of 700 export containers hangs in balance

### Collision leaves vessel stranded

DWAIPAYAN BARUA, Ctg

A Singapore-bound container vessel has remained stranded in the Bay of Bengal for the last seven days on sustaining damage in a collision with an oil tanker, leading to uncertainties over shipment of its cargo.

The container vessel MV Haian City is carrying around 700 TEUs of export-laden containers, mostly stuffed with garments.

It was sailing out from the Chattogram port when it collided with Bangladesh flagged oil tanker Orion Express near Kutubdia causing damages to both the vessels on the morning of April 14. Due to the impact, an empty container fell into the sea.

The oil tanker managed to reach the Chittagong Urea Fertiliser jetty the same afternoon but the container vessel remains anchored at sea.

Officials at Chittagong Port Authority (CPA) and Mercantile Marine Department (MMD) said they would not allow the container vessel to leave until a survey report was available certifying that the vessel was fit for voyage.

Samudera Shipping Line, which chartered the vessel, in an update to its customers on Tuesday, stated that the vessel's cargo hold 4 and 5 were flooded due to an underwater puncture on the port side hull.

Containers loaded in those cargo holds have been affected but the extent of the damage cannot be determined due to a lack of safe access, it said.

However, surveyor teams of the vessel's owner and charterer are already on site to assess the degree of the

## INSTITUTIONAL INVESTORS

### Reasons behind low participation

- Lack of trust on financial reports
- Slow movement of good stocks
- Manipulation in market
- Lack of well-performing stocks

Raising the investment of institutional investors takes time. There is no way to force them to engage in the market legally

**Faruq Ahmad Siddiqi**  
a former chairman of the BSEC.

## PARTICIPATION: GLOBAL AND REGIONAL MARKETS

Dhaka Stock Exchange: 20pc	National Stock Exchange (India): 55pc	Karachi Stock Exchange (Pakistan): 35pc	US market: 75pc	Global average: 41pc
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### RECOMMENDATIONS

- Go for concrete planning and follow-ups
- Ensure good governance
- Bring fundamentally strong companies to market
- Strengthen mutual fund sector

# BSEC frets as institutions shy away from stocks

Regulator asks them to raise market share; stakeholders call for congenial investment climate

AHSAN HABIB

When the stock market goes through a bearish trend, the regulator usually prods institutional investors, mostly unofficially, to pour money to revive it and some of them respond positively.

But as the stake of the institutional investors in the stock exchanges is languishing at a very low level and the retail investors are ruling the roost and are causing volatility through panic sales, the Bangladesh Securities and Exchange Commission (BSEC) has officially asked them to increase their share.

This has led analysts and industry stakeholders to call on the regulator to ensure a congenial investment climate with a view to drawing institutional investors.

An institutional investor, widely considered to be sophisticated money manager, is a company or organisation that invests money on behalf of other people. They include asset management companies, brokerage houses, merchant banks, mutual funds, pensions,

and insurance companies.

In Bangladesh, retail investors dominate the market.

The problem with the domination of the retail investors, as assumed by the regulator, is that individuals

the BSEC.

In Bangladesh, he says, asset management companies, brokerage houses and merchant banks make up the majority of the institutional investors. But their capacity is

half the global average.

Institutional investors hold 41 per cent of global market capitalisation, said a report of the Organisation for Economic Co-operation and Development in 2019. Key institutional investors include mutual funds, pension funds and insurance companies.

Institutional ownership currently accounts for more than 75 per cent of US outstanding shares, according to a 2021 research paper of the Swiss Finance Institute.

Institutional investors dominate the ownership of listed companies in the United Kingdom and Canada as well, both at the aggregate level and at the company level, holding 63 per cent and 47 per cent of the listed equity, respectively.

Even in India, institutional investors make up 55 per cent of the turnover at the National Stock Exchange. It is 35 per cent on the Karachi Stock Exchange in Pakistan.

Arif Khan, a former commissioner of the BSEC, calls the commission's target commendable.

not big.

"Our market is still dependent on banks, but they should not be forced to raise their stake in the stock market. Rather, it should be up to them whether they want to park their funds into risky stock investments."

At present, general investors account for 80 per cent of the total turnover, while institutional investors represent the rest 20 per cent, according to the BSEC. This is



## Appetite to legalise black money wanes drastically

SOHEL PARVEZ

Despite offering the scope to legalise black money without asking any questions, the National Board of Revenue (NBR) received very poor responses from taxpayers in the current fiscal year of 2021-22, official figures showed.

Between July and February, it got only Tk 95.15 crore as tax from the holders of undisclosed wealth, which was meagre in view of Tk 1,980 crore that the NBR received in the previous fiscal year.

Some 12,039 taxpayers legalised their black money in 2020-21, the highest since independence.

Successive governments had allowed holders of undisclosed income to whiten their untaxed assets but that did not bring enough revenue before 2020-21.

A senior official of the NBR said an increase in the tax rate and the imposition of penalties were among the reasons for the drastic slump in the legalisation of undisclosed wealth.

READ MORE ON B3

## BB orders banks to track shipments

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks to track shipments of goods which are exported with a view to tackling trade-based money laundering.

Banks have to hire third parties with experience in operating the tracking system on vessels laden with exports, according to a Bangladesh Bank notice.

The central bank will allow lenders to remit foreign currency for hiring the fleet trackers headquartered in foreign nations.

A BB official said the tracking system would help banks conduct real-time monitoring on the shipping supplies between the country's ports and the nations items are destined for.

This will subsequently prevent trade-based money laundering as unscrupulous persons would be unable to engage in the malpractice under the guise of exports, he said.

Bangladesh Financial Intelligence Unit (BFIU) drew up the Infrastructure Level Risk Assessment of Guidelines for Prevention of Trade Based

READ MORE ON B3

STOCKS	DSEX ▲	CASPI ▲
	1.16% 6,606.41	1.13% 19,450.01

COMMODITIES	Gold ▲	Oil ▲
	\$1,950.92 (per ounce)	\$103.64 (per barrel)

ASIAN MARKETS	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▲ 1.02% 57,037.50	▲ 0.86% 27,217.85	▲ 0.85% 3,335.32	▼ 1.35% 3,151.05

READ MORE ON B3



Improper implementation of the government's social safety net programmes leaves those in need, such as women living in rural areas, outside the purview of such projects. With this backdrop, experts yesterday urged the relevant authorities to step up their efforts to expand coverage by removing all irregularities.

PHOTO: STAR/FILE

## SAFETY NET Remove irregularities to cut poverty Say experts

STAR BUSINESS REPORT

Removing irregularities from safety net schemes aimed at alleviating poverty could help pull 1.07 crore people out of hardship without spending any additional cost, according to speakers at a webinar.

The webinar, styled "Allocation, Beneficiary Elections and Social Security Programmes in The Reality of New Poverty" was organised by Right to Food Bangladesh yesterday.

Participants said the existing social safety net programmes are not adequate as these schemes are mostly operated on a short-term basis, which is not an effective way to provide year-round protection for those in need.

They went on to say that the funds set aside for

READ MORE ON B3





Chests made out of sheets of steel generally used in households for a variety of reasons starting from storing blankets for the winter months to safekeeping of important documents. Prices range from Tk 2,500 to Tk 5,000. This shop sells around 50 to 60 every month. The photo was taken from Rupatoli Bottola area in Barishal on Tuesday.

PHOTO: TITU DAS

# Dung power: India taps new energy cash cow

AFP, Indore

India is tapping a new energy source that promises to help clean up smog-choked cities and is already providing a vital revenue stream for poor Indian farmers: truckloads of bovine manure.

Cows are venerated as sacred creatures by the country's Hindu majority. They also have pride of place in India's rural communities, where they are still regularly used as draught animals.

Rural households have long burned sun-dried cattle droppings to heat stoves, a practice that continues despite government efforts to phase it out with subsidised gas cylinders.

Villages on the outskirts of the central Indian city of Indore are now being handsomely rewarded for handing over their mounds of bovine waste in a pilot project to help meet the city's power needs.

"We have a very good quality dung, and we keep the dung clean to ensure it fetches the best price," farmer Suresh

Sisodia told AFP.

The 46-year-old has sold nearly a dozen truckloads of fresh manure at the equivalent of \$235 per shipment -- more than the monthly income of the average Indian farming household.

Sisodia's farm has 50 head of cattle and, in the past, occasionally offset costs by selling manure for fertiliser. Now, he is hopeful for a more reliable revenue stream. "The farmers pick it up once every six or 12 months and there are seasons when they don't -- but the plant could give us a steady income," he said, adding that his farm generates enough manure to fill a truck every three weeks.

His family are one of the many beneficiaries of "Gobardhan" -- literally "dung money" in Hindi -- since the inauguration of a nearby biomass plant by Prime Minister Narendra Modi in February. Sisodia's cattle droppings are carted to the plant, where they are mixed with household waste to produce flammable methane gas and an organic residue that can be used as fertiliser.

Eventually, the plant is slated to work

through 500 tonnes of waste, including at least 25 tonnes of bovine faeces, each day -- enough to power the city's public transit system, with plenty left over.

"One half will run Indore buses and the other half will be sold to industrial clients," plant boss Nitesh Kumar Tripathi told AFP.

The Gobardhan pilot programme has faced its share of logistical hurdles, with decrepit rural roads making it hard for the plant's dung-carrying trucks to reach farms. Farmers have also been sceptical of what appears to be a get-rich-quick scheme and required careful "assurances of quick and regular" payments before signing on, said Ankit Choudhary, who scouts villages for potential suppliers.

The Indian government, however, has high hopes for the initiative, with Modi pledging waste-to-gas plants in 75 other locations since the Indore facility began operations. Cultivating alternative energy sources is an urgent priority in India, which burns coal to meet nearly three-quarters of the energy needs of its

1.4 billion citizens.

Its cities regularly rank among the most smog-choked urban centres in the world as a result. Air pollution is blamed for more than a million deaths in India annually, according to a study published in The Lancet medical journal.

The project is also guaranteed to appeal to Hindu nationalist groups -- Modi's most important political constituency and vocal advocates of cow protection. Under their watch, "cow vigilantes" have run Muslim-owned abattoirs out of business and lynched people accused of involvement in cattle slaughter.

But bovine-centric religious policies have led to unintended consequences, with stray cows now a common sight in villages and even on busy roads in big cities. Government acolytes such as Malini Laxmansingh Gaur, a former Indore mayor and member of Modi's party, hope that scaling up the biogas project will incentivise farmers to keep their cows even when they are too old to give milk or help till fields.

## Stocks rise for second day

STAR BUSINESS REPORT

Stocks in the Dhaka bourse continued to rise for a second consecutive day yesterday.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), surged 76 points, or 1.16 per cent, to reach 6,606 at the end of the day.

Both the DS30, the blue-chip index, and DSES, the Shariah-based index, went up 27 points and 10 points respectively.

Turnover of the DSE also rose to Tk 605 crore from the previous day's Tk 599 crore.

The stocks ended in the positive as investors showed interest in stocks that had turned cheaper and put fresh bets on sector-specific issues, said International Leasing Securities in its daily market review.

The investors thanked a recent regulatory encouragement on increasing institutional fund flow alongside discouragement of aggressive selling practices, it said.

The gainers took a strong lead over the losers as out of a total of 379 issues to undergo trade, 269 advanced, 78 declined and 32 remained unchanged.

All the sectors achieved price appreciations including paper and printing of 4.1 per cent and tannery 3 per cent.

According to the turnover, investors' attention was mainly concentrated on miscellaneous (22.3 per cent), engineering (10.8 per cent) and pharmaceuticals & chemicals (10.1 per cent).

JMI Hospital Requisite Manufacturing topped the gainers' list with a rise of about 9.98 per cent. IPDC Finance, Bangladesh Shipping Corporation, Alif Industries and Bangladesh Building Systems also saw major gains.

## Al Kashem appointed Coats' managing director

STAR BUSINESS DESK

Coats Bangladesh Ltd recently promoted its manufacturing director to the post of managing director (MD).



The promotee, Mohammad Al Kashem, was previously working as general manager in Coats's

Pakistan segment and concurrently held the role of manufacturing director in Bangladesh, a press release said.

This time he will also play the role of the Coats' Asia Region Leadership Team concurrently.

He joined Coats, a joint venture of Coats and AK Khan & company Ltd, in 2016.

Al Kashem obtained his graduation degree in industrial and production engineering from the Bangladesh University of Engineering and Technology (BUET) and an executive MBA from North South University.

## Govt to discourage

FROM PAGE B4

It has also suggested a gradual and slight increase in the price of power, energy and fertiliser to keep government subsidies at a reasonable level.

Proposals were also made for increasing the Letter of Credit (LC) margin up to 100 per

cent to discourage people from importing luxury and/or unnecessary products.

As such, Bangladesh Bank has already instructed banks to impose at least a 25 per cent margin on the opening of LCs for non-essential items.

The finance minister also said it is a good thing

that Bangladesh Bank controls the country's monetary policies as it takes timely action when the country needs.

Quoting a World Bank report, Kamal said the international price of wheat rose 38 per cent while beef gained 35 per cent, chicken 55 per cent, soybean oil 37 per cent,

TSP fertiliser 65 per cent and urea 135 per cent in the last one year.

"We are now importing these products at a high price and so, we have to work through a combined effort," he added. The finance minister then informed that the next national budget would be placed in parliament on June 9.

## IMF cuts eurozone growth

FROM PAGE B4

The main risk to the outlook is an escalation of sanctions, in particular an embargo on Russian gas, which would cause a "quite severe" slowdown over the short term in countries like Germany that depend most on those imports, Gourinchas told AFP in an interview in Washington.

As a result, "we would have a fairly significant downward revision of the economic forecasts for the

euro zone."

If domestic consumption and confidence decline, that could also slow growth, which would put the European Central Bank in a "tricky situation."

The ECB last month slashed its growth forecast as well, and warned inflation will soar in the eurozone area, but it has yet to follow the US Federal Reserve in raising interest rates to tame prices.

Gourinchas said, "For

now, given the slowdown and the fact that inflation is concentrated in certain sectors... it is not necessary to start tightening monetary policy very quickly."

The drag from the war in Ukraine comes as the eurozone economy was set to fully recover from the pummelling it took from the pandemic in 2020.

The IMF had predicted last October that eurozone growth would be 4.3

per cent in 2022 before lowering the forecast in January due to a global supply chain crisis and the emergence of the Omicron variant of the coronavirus. The IMF's latest report also lowered the eurozone's growth outlook for 2023 to 2.3 per cent, down from 2.5 per cent previously.

But it slightly increased its forecast for Germany to 2.7 per cent next year. Italy's growth, however, will slow further to 1.7 per cent.

## Ukraine set to dominate G20 finance chiefs' summit

AFP, Washington

Finance officials from the world's richest countries will meet on Wednesday to address global challenges like rising debt and a possible food crisis -- if they can overcome boiling tensions over Russia's invasion of Ukraine.

Moscow's attack on its neighbour is set to dominate the meeting of G20 finance ministers and central bank governors, the first since Russian President Vladimir Putin ordered the invasion in February. Western nations have retaliated for the bloody incursion with sanctions meant to harm Russia's economy and turn it into a pariah state.

And US Treasury Secretary Janet Yellen will boycott some sessions if Russian officials are present, according to a senior US official, a stance other countries have said they will follow.

The boycott threat underscores the tumult facing the Group of 20, and experts see little chance at this meeting for the bloc to find consensus on global challenges such as climate change and debt relief for poor nations.

"I think expectations should be extremely low," said Matthew Goodman, senior vice president for economics at the Washington-based Center for Strategic and International Studies (CSIS).



Mahmudun Nabi Chowdhury, general manager for sales and marketing at Electro Mart Ltd, inaugurated the sales and display centre in Dinajpur recently. Md Julhak Hossain, senior manager for retail sales at the company, was also present.

PHOTO: ELECTRO MART

## Up to 40pc of Brits face fuel poverty in winter

AFP, London

Spiking electricity and gas prices could force as many as four in ten Britons into fuel poverty next winter and the government must offer more help, the sector warned Tuesday.

Bosses of major UK domestic energy providers, appearing before lawmakers, urged the government to cushion the impact and prevent "horrific" fallout for millions who will spend a high proportion of income on fuel.

Britain is forecast to raise its cap on energy bills again in October for consumers who are not on a fixed deal with their supplier, having already imposed a massive hike in April. The industry has been rocked by a vast spike in wholesale energy costs after the economy reopened from lockdown and on fallout from the Ukraine war.

Scottish Power head Keith Anderson said the problem would be masked by low demand in summer months -- but this would change during the

cold winter as consumers reach for the thermostat.

"During the summer, consumption will go down so (household) bills will be more manageable," Anderson told the UK parliament's Business, Energy and Industrial Strategy Committee.

"Come October, that's going to get horrific, truly horrific." UK inflation hit a three-decade peak at 7.0 per cent in March and the Bank of England predicts double digits by the end of 2022 as the cost-of-living crisis intensifies on runaway energy costs.

The situation will worsen significantly later this year, according to the head of German-owned provider E.ON UK. "We're looking at up to 30 to 40 per cent of people going into fuel poverty, when the price goes up again in October," Michael Lewis told the committee on Tuesday.

Fuel poverty is when a household cannot afford to heat their home to an adequate temperature, due to factors such as low income, high fuel prices, and poor energy efficiency.

## Restructure debt

FROM PAGE B4

Fund's country director Masahiro Nozaki said in a statement.

"Approval of an IMF-supported program for Sri Lanka would require adequate assurances that debt sustainability will be restored."

The IMF said talks with Sri Lanka were still at an "early stage," but it was "very concerned" about the economic situation and the hardships suffered by

people, especially the poor and vulnerable.

Earlier this year, the IMF warned Sri Lanka's approximately \$51 billion foreign debt was unsustainable.

Colombo's existing debt also means the country cannot apply for emergency financing, the IMF said.

Sources in the country's finance ministry have made it clear that debt restructuring will require creditors to accept a "haircut" -- a

reduction in the value of their assets -- or agree to longer repayment periods.

Nearly two weeks ago, the government nearly doubled key interest rates and allowed the currency to depreciate faster, hoping the move would encourage foreign currency inflows.

On Monday, President Gotabaya Rajapaksa conceded that Sri Lanka should have gone to the IMF "much earlier."

The country is short

of dollars to finance even the important essentials, including food, fuel and medicines. Widespread shortages have sparked nationwide protests that turned violent on Tuesday.

One man was shot dead and 29 others were wounded in clashes in a central town, while tens of thousands continued demonstrations outside the president's office in Colombo demanding his resignation.





A cobbler is seen preparing the soles of women's shoes at a workshop in Mohanagar area of Khulna city. The shoe making business suffered heavy losses in the past two years as people were less than willing to buy new footwear amid countrywide travel restrictions aimed at curbing the spread of Covid-19. But as the economy is now fully reopened, shoemakers are targeting the ongoing Eid shopping season to make up for lost sales. Each cobbler can make up to 12 pairs of shoes to earn about Tk 300 daily.

PHOTO: HABIBUR RAHMAN

# China firm to implement Tk 3,975cr digital connectivity project

REJAU KARIM BYRON and MAHMUDUL HASAN

A Chinese company is set to implement a Tk 3,975 crore digital connectivity project that will equip Bangladesh with the latest ICT infrastructure, digitise government services and increase ICT usage at the field level.

A meeting of the cabinet committee on purchase yesterday granted approval for M/S China Railway International Group Co Ltd to implement the project.

"This is a good project that will generate employment," Finance Minister AHM Mustafa Kamal said at a virtual briefing after the meeting.

Md Zillur Rahman Chowdhury, additional secretary of the finance ministry, informed that the Chinese government will provide 80 per cent of the project cost as loans.

The project's implementation period starts from January 2021 and ends in December 2024 with the ICT department of the ICT Division being in charge of the implementing agency.

Under the project, the government

will establish thousands of broadband user connections, digital and specialised labs, a central cloud platform, frontier technology centre, IT infrastructure in various district and upazila complexes, and ICT training facilities.

Besides, a 21-story tower will be built in the capital's Purbachal to house an academy featuring modern ICT labs and facilities to nourish IT entrepreneurs, said Md Rezaul Maksud Jahedi, director general of the ICT department.

"Government officials will be trained at the tower and there will be an office featuring all important government departments for better coordination of the government's digital agenda," he added.

The ICT department has already leased a three-bigha plot for the tower, which will create research opportunities for the Fourth Industrial Revolution and human resource development, officials say.

A digital literacy centre with an ICT lab and other necessary infrastructure, including smart virtual classrooms and distance learning platforms, will also be

established under the project.

In addition, 10 digital villages, around 492 non-residential buildings for establishing a shared ICT operation centre, and all upazila complexes will be expanded upward by one storey.

Field surveys will be conducted under 10 digital village stations and 20,000 farmers will be provided with "Sensor Devices".

"The farmers will be trained with ICT knowledge so that they can be entrepreneurs by selling their produce at good prices. The will also learn advanced farming techniques to expand production," Jahedi said.

Each digital village will contain 50 to 100 villages on a cluster basis.

Under the project, last mile internet connectivity will be provided to 1.9 lakh educational institutions and government offices.

And with 10,000 new Sheikh Russel Digital Labs to be set up under the project as well, the country's secondary and higher secondary schools and equivalent will get a boost in transforming their traditional learning

systems.

According to the director general of the ICT department, there more than 35,000 institutions are eligible to house such labs and the ICT Division has already installed over 13,000 of these facilities.

Specialised labs will be set up at 57 public universities, where students can research ICT products and build an innovation ecosystem.

"The labs in universities will help the country prepare to face the Fourth Industrial Revolution and get the required skilled manpower," Jahedi said.

Students of these universities will have the scope to learn frontier technology, including data science, artificial intelligence, cyber security, IoT application and robotics, he added.

According to a document from the Planning Commission, 100 per cent broadband penetration will increase the accessibility of ICT services across the country, ensure good governance at all levels of government, and develop human resources through the application of new technology.

## UCB to form subsidiaries in Qatar, UAE

STAR BUSINESS REPORT

United Commercial Bank (UCB) yesterday decided to form subsidiaries in Qatar and the UAE to expand its Money Services Business (MSB) operations, according to a company disclosure on the Dhaka Stock Exchange (DSE) website.

The bank is targeting countries where many non-resident Bangladeshis reside as they require such services to send their hard-earned money back home. However, the decision taken by the listed commercial bank's board of directors is still subject to approval from the relevant regulatory authorities.

The company had earlier announced that it decided to enter Malaysia, Hong Kong and Singapore for the same business.

An MSB is a type of financial service that involves currency exchange and money transfer.

Stocks of UCB rose 1.37 per cent to close at Tk 14.80 at the DSE yesterday.

## Ramadan info now on bKash app

STAR BUSINESS DESK

bKash is providing essential information and services such as the schedules of iftar and sahari, zakat calculator, payment option for donating zakat to authorised charities, and health tips through its 'Romjane Protidin' icon on its app during the fasting month.

Even anyone can check bKash's offers related to Eid shopping, restaurants, health care and so on from the icon, a press release said.

In order to pay zakat, customers need to select the desired organisation and enter their name, email ID and the amount of zakat before submitting. They have the opportunity to know detailed information about the selected organisation as well.

To avail of all of the information and services, customers need to go to the 'Suggestions' section in the bKash app and select 'Romjane Protidin' icon.

## Oil stabilises after big drop

AFP, Hong Kong

Asian markets were marginally higher on Wednesday while oil began recovering after a downgraded IMF global growth forecast for 2022 had sent crude prices plunging.

The International Monetary Fund slashed its outlook by 0.8 percentage points, largely over inflationary crises linked to the Ukraine war and the coronavirus pandemic -- prompting a five percent dive in oil prices on Tuesday.

"The economic effects of the war are spreading far and wide -- like seismic waves that emanate from the epicenter of an earthquake," IMF chief economist Pierre-Olivier Gourinchas said in a report.

## BSEC frets as institutions shy away

FROM PAGE B1

"As institutional investors shun short-term trading and don't sell shares out of panic, volatility goes down when their participation increases. Now a time-bound action plan is necessary along with proper follow-up."

He thinks the bond market needs to be strengthened and new products have to be rolled out to attract institutional investors.

"Besides, the mutual fund sector should be reformed so that it can widen its footprint. The mutual fund sector plays a vital role in the developed stock markets," added Khan, also the vice-chairman of Shanta Asset Management.

The mutual fund sector contributes 0.73 per cent to the total market capitalisation of the Dhaka Stock Exchange, according to the data of UCB Stock Brokerage.

Richard D' Rozario,

president of the DSE Brokers Association, says the government might coerce institutional investors to enhance their investment but such an approach would not bring much good.

A perfect environment needs to be offered by creating transparency in the whole market in a bid to attract institutional investors, he said.

"If investors can trust listed firms' financial reports, institutional investors will feel confident and invest in the market. Besides, foreign investors will also be active."

Good instruments and well-performing companies should be included in the market, Rozario added.

Abu Ahmed, a former chairman of the economics department of the University of Dhaka, thinks the BSEC is not addressing the real problems facing the market.

He argued that asset

management companies lack funds to make investments, while several stock dealers are largely focused on dealing with initial public offerings (IPOs).

"If the BSEC is serious about raising the participation of big investors in the market, it needs to curb manipulation first. Because of the manipulation, big investors feel discouraged."

He recommended introducing an IPO quota for large individual investors with at least Tk 2 crore in investment.

"This will incentivise them to invest more and behave like institutional investors."

A stockbroker, preferring anonymity, says manipulation is widespread in the stock market, so the prices of many low-performing stocks have reached a higher level.

In contrast, the prices of the well-performing stocks have been low for years,

amplifying fears among institutional investors.

"The stock market regulator should take stern measures to stop rampant manipulation," he added.

The stockbroker also criticised the BSEC move where it organised roadshows in a number of countries in recent years in a bid to attract investments.

"You don't need to hold such roadshows. If the environment is congenial and there is scope to make a profit, investors will come automatically."

A number of analysts called for bringing in life insurance funds and pension funds to the market as they can invest for a longer period.

Siddiqi also called for creating a congenial investment environment and ensuring corporate governance in the whole ecosystem in order to woo both local institutional investors and foreign investors.

## Remove irregularities to cut poverty

FROM PAGE B1

various government social safety net programmes are insufficient and so, it is necessary to increase allocations to this end in the upcoming national budget.

In addition, the selection process for the beneficiaries of such programmes tends to lack transparency and therefore needs revamping.

Besides, the scope of social safety net programmes needs to be expanded in urban areas as well. These comments came in light of a report published by the General Economics Division and Cabinet Division on July 2021.

Planning Minister MA Mannan said the government's goal is not to eradicate poverty, but to relieve it.

"The allocation that a family or individual receives

under any given social safety net programme is certainly inadequate but we're trying to increase it," he said.

"It could be considered whether rationing can be brought back, but there is a need to coordinate it with the current market system," Mannan added.

Qazi Khaliquzzaman Ahmad, chairman of Right to Food Bangladesh, urged for ensuring human dignity by eliminating the attitude that "poor people" need help.

"Instead, look it as a basic human right," he said. Ahmed then said that there is a lack of coordination among the ministries that work on the issue of good governance.

"We have to emphasise on correcting that," he added.

Mohammad Mahfuz Kabir, research director of

the Bangladesh Institute of International and Strategic Studies, said good governance is crucial for implementing social safety net programmes.

"How long will the corruption that takes place in the selection of beneficiaries continue? We have to take action on this now," he said, adding that the climate change issue need to be linked to these programmes as well.

Mohsin Ali, general secretary of Right to Food Bangladesh, said social safety net programmes are generally not aimed at the urban poor and instead target the rural poor.

At the same time, social safety net programmes are created keeping only the poor in mind while vulnerable people are kept out of equation.

He also said poor families in slum areas, especially

children, should be covered by such programmes.

"For this, special projects are needed and the budget should have clear guidelines in this regard," Ali said.

## BB orders

FROM PAGE B1

Money Laundering in 2016, instructing banks to establish the vessel-tracking systems.

As a part of the move, the central bank issued the notice to implement the BFIU's guidelines, the BB official said.

Economists and different foreign organisations working on the prevention of money laundering have been expressing concerns about a rising trend of money laundering occurring in Bangladesh.

Bangladesh lost approximately \$8.27 billion on an average annually between 2009 and 2018 due to trade-based money laundering, according to a Global Financial Integrity (GFI) report released in December last year.

The illicit financial flow (IFF) was mainly perpetrated in the form of misinvoicing in the values of imports and exports by traders to evade taxes and illegally move money across international borders, said the Washington-based organisation.

The average loss of customs and taxes during the decade was 17.3 per cent of Bangladesh's international trade, said the GFI in its report "Trade-Related Illicit Financial Flows in 134 Developing Countries 2009-2018".

## Appetite to legalise black money

FROM PAGE B1

Besides, a large number of taxpayers cleaned their assets and income in FY21 taking advantage of the low tax rate, he said.

In FY21, the government offered amnesty that black money-holders would not face any query from taxmen if they disclosed their undisclosed investment in shares, bonds and other securities as well as undisclosed cash,

bank deposits and other financial instruments.

The tax authorities also extended the scope to taxpayers to legalise undisclosed moveable and immovable properties without questions on the payment of a specified amount of taxes on the properties based on the location of land, buildings and area of the property.

The NBR has tightened the scope this fiscal

year but has kept the opportunity to legalise the undisclosed income or investment without facing any questions.

It has offered full amnesty to taxpayers who will invest in the setting up of new industries. Taxpayers who will establish factories this fiscal year will have to pay only 10 per cent tax on the invested amount, according to the NBR.

Yet only 2,313 taxpayers have shown their undisclosed wealth and income in the July-February period of the current fiscal year.

Of them, 2,258 whitened their money through investment in properties, showing bank deposits and cash, while 46 disclosed investments in securities.

Only nine taxpayers invested in industries, according to NBR data.

## Fate of 700 export containers

FROM PAGE B1

damage, it added.

Exporters and freight forwarders expressed concern over shipment of the goods on board alongside possible damage.

Two of the containers contain school uniform and workwear worth \$1.5 lakh of Savar-based garment maker Mehnaz Styles and Craft meant for a US-based buyer.

Arifur Rahman Khan, assistant general manager (commercial) of the firm, told The Daily Star that they were yet to know about the fate of their cargo.

The cargo was meant to be loaded onto a mother vessel at Singapore and the accident has created

uncertainties over when the cargo will actually reach the transshipment port, he said.

Officials of different freight forwarders and shipping agents assume that the vessel would need to be repaired to be fit for sailing. It is yet to be decided whether the repairs can be done at sea or at the port, said an official of Elite Cargo, a forwarder that has booking of containers on the vessel.

The MMD formed a two-member probe body led by Marine Surveyor Engineer Rafiqul Islam to investigate the cause of the collision, assess the losses and determine the liabilities.

Islam said they already

visited the oil tanker but was yet to visit the container vessel due to inclement weather.

They sought required documents and voice message records from both vessels, he said, adding that representatives of both vessels' protection and indemnity clubs, the insuring firms, were working to assess the losses and liabilities.

CPA Secretary Md Omar Faruk said the next course of action would be decided only after receiving the assessment of a team sent by the vessel's Vietnamese owner.

It might take a few days for a decision to be reached, he said.





Saltwater left out to evaporate on plots of land in Durum area of Kutubdia upazila for the production of salt. Production mainly runs for five months from November to May in the coastal districts of Chattogram and Cox's Bazar. The photo was taken earlier this month.

PHOTO: MUHAMMAD ALI JINNAT

# Middlemen eating into salt farmers' profits

MUHAMMAD ALI JINNAT

While salt production has been growing steadily over the years, the farmers in the coastal districts of Chattogram and Cox's Bazar are apprehensive over whether their meagre profits would get any better.

Their primary concern is the presence of middlemen or brokers who purchase crude salt from them and then sell it to mill owners and wholesale traders.

The mills refine the salt and add iodine before selling it either as branded or non-brands items. Wholesalers also enable other uses such as for the preservation of raw hide during Eid-ul-Azha.

Demand for salt is estimated to have been 19.38 lakh tonnes in the last fiscal year of 2021-22, including 8.76 lakh tonnes of the edible variety, according to the National Salt Policy 2022, which was issued by the industries ministry.

By 2026, overall demand is projected to reach 25.30 lakh tonnes.

The production of the chemical sodium chloride, an important item for human and animal health, through the evaporation of salt water in large expanses of land mainly runs for five months from November to May.

This season, farmers are using 63,291 acres of land in Cox's Bazar district and Bashkhal upazila of Chattogram, according to the Bangladesh Small and Cottage Industries Corporation (BSCIC).

To date in the ongoing fiscal year, crude salt production stands at around 11 lakh tonnes. Farmers produced 16.5 lakh tonnes of crude salt in FY21.

"Salt production has increased by 25 per cent to 30 per cent this year. The



production will go up gradually if the weather remains favourable," said Md Zafar Iqbal, deputy general manager of the BSCIC's Cox's Bazar office.

"We are getting bumper production this year due to favourable weather. Farmers are passing busy days," said Mohammad Sharif, a salt farmer in the Bharuakhali area of Cox's Bazar sadar upazila. "But we are at the mercy of the factory owners and wholesale traders."

He says they can make a profit of Tk 20 to Tk 30 per maund (about 37 kilogrammes).

"If we can get rid of brokers, we will surely be able to make more profit."

Farmers in this area have got a bumper production of salt. But prices are very low. That is why many farmers are in fear of incurring losses, said Abdul Hamid, a salt farmer in Shah Porir Dwip in Teknaf upazila.

Currently, farmers are selling each maund of salt at Tk 210 to Tk 220. But the production cost is higher than that, says another farmer Zahed Ullah.

Brokers buy salt at a low price and sell it to wholesalers and factory owners at a high price. This allows them to make a profit of around Tk 50 to Tk 70 per maund, said Mohammad Kalu, a farmer in Lemshikhali in Kutubdia upazila.

Officials of the BSCIC opined that profits of the salt farmers were indeed low.

"A huge amount of salt has been produced in Teknaf. But farmers are frustrated," said Mohammad Mizanur Rahman, an official of the BSCIC in Teknaf.

Mohammad Shahidullah, president of the Bangladesh Salt Farmers Association, alleges that there is a syndicate formed by mill owners and wholesale traders.

"We don't have any other option. That

is why, farmers are compelled to sell their salt at a low price," he said.

He demanded measures such as government purchases for buffer stocks and fixing of prices by the authorities to ensure a fair share for salt producers and all those involved in the trade.

The salt policy aims to ensure a minimum of 100,000 tonnes of buffer stock of salt. The previous policies also spoke of keeping such stocks but that had been limited to paper only.

There are 37,231 salt farmers in the country, while around 5 lakh people are directly and indirectly involved in the salt industry for its management, transportation and trading, according to the policy.

Manzur Alam Dada, general secretary of the Islampur Salt Mill Owners' Association in Cox's Bazar, said mill owners in the district purchase salt from middlemen, traders and brokers, not directly from marginal farmers at the field level.

At present, salt mill owners are buying the commodity from middlemen at Tk 60 per 60kg bag for the distribution around the country. On being refined, each 75kg of iodine-infused salt is being sold at Tk 840, he said.

On why Cox's Bazar-based mill owners were buying salt from brokers or middlemen instead of purchasing directly from farmers, Dada said, adding that it was difficult to do business "outside the system".

"Here, it is customary to get salt from the middlemen. It is better to let them do their job," he said.

He denied the existence of a syndicate of brokers, middlemen and mill owners.

## Govt to discourage luxury imports

### Says finance minister

STAR BUSINESS REPORT

Bangladesh Bank will impose special conditions on the import of luxury items, such as high-end cosmetics, apparels and electronics, to discourage these purchases during times of global economic uncertainty, according to Finance Minister AHM Mustafa Kamal.

"Import of luxury items must be controlled," he said in response to a query over whether the government is taking any steps to address the current account deficit.

Bangladesh's current account deficit reached \$12.83 billion in the first eight months of the current fiscal year while it was a surplus of \$825 million during the same period the year before.

The deficit is a result of rising imports with receipts for between July and February in the ongoing fiscal year valued at \$58.77 billion while it was \$40 billion during the same period in FY 2020-21.

The finance minister went on to elaborate that the government will not control the import of capital items and essential commodities.

"But the import of luxury goods must be controlled," he told the media after a meeting of the cabinet committee on purchase yesterday.

While explaining further, Kamal said the import of luxury items would be allowed freely in times when there are no external vulnerabilities or risky situations in the international market.

The Finance Division and the central bank earlier recommended that the government discourage the import of luxury goods to help cope with the macroeconomic pressures arising from the Russia-Ukraine war.

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## European car sales plunge for war

AFP, Paris

European car sales sank in March as Russia's invasion of Ukraine added more problems to a sector already struggling with shortages of semiconductors, industry data showed Wednesday.

Passenger car registrations fell 20.5 per cent compared to the same period last year, with 844,187 units sold, according to the European Automobile Manufacturers' Association (ACEA).

Excluding 2020 when the coronavirus pandemic paralysed the global economy, it was the worst performance for a month of March since statistics began in 1990.

Car production has been hampered worldwide since last year by a severe shortage of semiconductors, a key component for modern cars as they power everything from anti-lock braking systems to airbags to parking assistance technology.

The war has led to shortages of other parts, such as the cables used in car wiring harnesses and of which Ukraine is a manufacturer.

Several factories in Europe have had to go idle due to the lack of cables, with Volkswagen temporarily suspending production at a number of German sites.

Europe's top automaker saw sales fall by nearly a quarter in March, according to ACEA figures.

"The ongoing supply chain disruptions, further exacerbated by Russia's invasion of Ukraine, negatively affected car production," the ACEA said.

Most countries in Europe had double-digit drops in car sales in March, the association said, with a fall of 17.5 per cent in Germany, the biggest market. There were even larger falls of around almost 20 per cent in France, around 30 per cent in Italy and Spain, and nearly 40 per cent in Spain.

## IMF cuts eurozone growth forecast

AFP, Paris

The war in Ukraine will weigh heavily upon economic growth in the eurozone, the IMF said Tuesday, as the conflict wreaks havoc on energy prices and the manufacturing sector.

The International Monetary Fund revised down its eurozone growth forecast for 2022 to 2.8 per cent from 3.9 per cent in its January estimate, with the region's biggest economy, Germany, taking a heavy hit.

"The main channel through which the war in Ukraine and sanctions on Russia affect the euro area economy is rising global energy prices and energy security," the IMF said in its World Economic Outlook report.

The war has hurt some countries like Italy and Germany more than other European nations because they had "relatively large manufacturing sectors and greater dependence on energy imports from Russia," the IMF said.

Germany's economy is now expected to grow by 2.1 per cent this year, down from the previous forecast of 3.8 per cent. Italy will also drop, with growth of 2.3 per cent compared to an earlier forecast of 3.8 per cent.

After Moscow's invasion in February, the West, including eurozone countries, imposed sanctions on Russia's financial system, aviation sector and other major parts of the economy.

Nearly two months later, prices are rising. Oil remains above \$100 a barrel after reaching historic highs in March, while the price of gas, wheat, aluminium, nickel and other raw materials have soared.

As a result, consumer price inflation in the eurozone has surged to 7.5 per cent, an all-time high. Pierre-Olivier Gourinchas, the IMF's chief economist, said the forecast calls for a slowdown but no recession in the eurozone.

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Motorists queue to fill their tanks up at a Ceylon Petroleum Corporation fuel station in Colombo on April 12. Crisis-stricken Sri Lanka defaulted on its \$51 billion external debt on April 12 after running out of dollars to import desperately needed goods, sparking widespread protests demanding the president's resignation.

PHOTO: AFP

## Restructure debt before bailout

IMF asks Sri Lanka

AFP, Colombo

The International Monetary Fund said on Wednesday that it has asked cash-strapped Sri Lanka to "restructure" its huge foreign debt before a bailout programme could be finalised as anti-government protests escalated across the island.

Sri Lanka opened talks with the IMF in Washington this week after announcing its first ever default on external borrowings.

The South Asia country is in the grip of its worst economic crisis since independence in 1948 and has been rocked by a wave of protests over food and fuel shortages.

"When the IMF determines that a country's debt is not sustainable, the country needs to take steps to restore debt sustainability prior to IMF lending," the

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