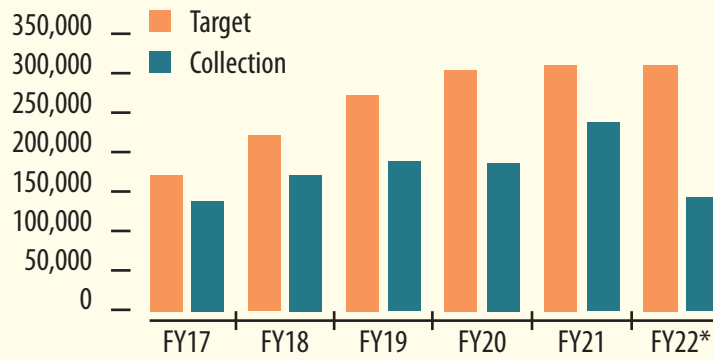


TAX TARGET AND ACTUAL COLLECTION

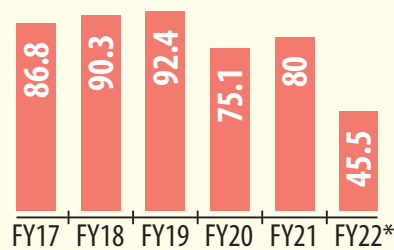
In crore taka; *Jul-Mar
SOURCE: FINANCE MINISTRY AND NBR



“Budget credibility remains a challenge. The gap between the original and executed budgets has grown substantially in recent years,” said the World Bank recently

ADP IMPLEMENTATION AGAINST ALLOCATION

Rate in %; * Jul-Mar
SOURCE: PLANNING MINISTRY



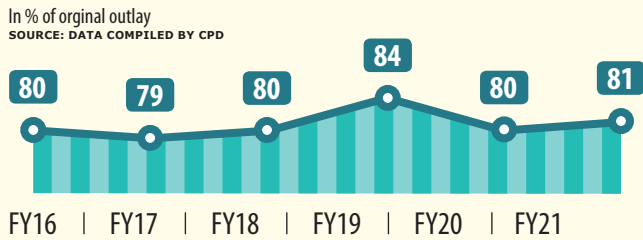
POINTS TO PONDER

- Since 2008-09, govt has not been able to implement the budget fully
- Implementation rate was 97pc in FY11
- Execution hovered around 80pc in recent years
- Sluggish implementation forced govt to cut allocation to Tk 593,500cr in FY22
- NBR achieved 80pc tax collection target in FY21
- ADP implementation falling below the goal for the past decade

BUDGET IMPLEMENTATION: CHALLENGES

- Lower revenue collection
- Weak implementation capacity of state agencies
- Lower spending
- Higher targets than execution capability
- Fierce opposition to tax reforms
- Longer implementation period

BUDGET IMPLEMENTATION RATE



REMEDIES

- Accurate revenue and expenditure forecasts
- Fiscal targets should be set in a realistic manner
- Cycle of low revenue and low implementation needs to be broken
- Higher tax collection necessary to raise budget size
- Tax reforms

Budget can't get rid of implementation challenges

Experts blame lower revenue collection, poor execution capacity

SOHEL PARVEZ

Anyone who follows the national budget of Bangladesh is familiar with some expressions such as 'ambitious budget' and 'implementation will be challenging'.

These views usually come from analysts and businesses after the finance minister places his annual income and expenditure plans at the parliament for a new fiscal year.

The underlying reason for such assertions is clear: the consistent failure of the government to achieve its revenue target and spend as much as it wants under its development programmes.

As a result, since the fiscal year of 2008-09, the government has not been able to implement the budget fully.

The execution rate, which was as high as 97 per cent in 2010-11, has hovered around 80 per cent in recent years, leading local think-tanks and international development partners to raise questions about the credibility of the budget targets.

"Over the last decade, the

budgetary target setting in Bangladesh has emerged primarily as a numbers game, with each year's targets surpassing the previous year's - notwithstanding the extent of actual attainment," said the Centre for Policy Dialogue (CPD) in its recommendations for the budget for the upcoming fiscal year, starting on July 1.

According to the think-tank, the targets for public expenditure have remained consistently unmet and hovered around 80-85 per cent as a share of the allocation.

The weak implementation has already forced the government to revise the allocation downwards to Tk 593,500 crore, a decrease of 1.69 per cent from the original plan of Tk 603,681 crore.

For the next fiscal year, the government plans to unveil a Tk 677,874 crore budget, which is 12 per cent bigger than the current budget.

Last month, the World Bank, in its Bangladesh Development Update, also raised the question of credibility.

"Budget credibility remains a

challenge. The gap between the original and executed budgets has grown substantially in recent years," it said, citing the fiscal year of 2019-20, for example.

In FY20, only 70.3 per cent of revenue and 80.3 per cent of expenditure in the original

managed to collect 53 per cent of the goal in the first six months of the current fiscal year, according to the finance ministry data.

In the case of the Annual Development Programme (ADP), the actual implementation has fallen

Amid the sluggish pace of development work, the government has cut the ADP budget by 9 per cent to Tk 217,175 crore for the current fiscal year.

"Accurate revenue and expenditure forecasts are a key input to the preparation of a credible budget. In Bangladesh, overly optimistic expenditure allocations are presented with aspirational revenue targets," said the World Bank.

Zahid Hussain, a former lead economist of the global lender's Dhaka office, said budgetary targets can be over-achieved.

"In the case of Bangladesh, it is always under-achieved. The problem lies in the target setting both in terms of revenue and expenditure. These two continue to be under-achieved."

In Bangladesh, the development spending usually goes up towards the end of a fiscal year. Cheques are issued hurriedly to release funds.

"As a result, the quality of development expenditure suffers. This encourages mismanagement," Hussain said.

Setting bigger budgets



budget was executed. The National Board of Revenue (NBR) achieved 80 per cent of its tax collection target of Tk 330,000 crore in the last fiscal year, marginally higher than the original target of Tk 325,600 crore the previous year.

The tax generation target for the NBR has remained unchanged at Tk 330,000 crore for 2021-22. Taxmen

below the goal in the past decade: the implementation rate averaged 85 per cent between FY11 and FY21.

State-run agencies were able to lift ADP implementation by 5 percentage points at 80 per cent in FY21 and executed 45.5 per cent of the original allocation of Tk 237,693 crore in the July-March period of FY22, planning ministry data showed.

Import containers pile up at Ctg port

Poor delivery during Eid causes congestion

DWAIPAYAN BARUA, Ctg

Import load containers have piled up at the Chattogram port as importers did not secure their consignments due to the Eid holidays when factories were closed and vehicular movement was thin.

Therefore, both the port authorities and users fear that congestion might create inside the port yards if the daily delivery of goods does not return to the pre-festival level within a few days since a good number of vessels with inbound containers are already waiting at the sea.

Shipping agents say if the situation does not improve soon, it may slow down the unloading of containers from the vessels.

In a bid to avert any acute container congestion, the Chattogram Port Authority (CPA) yesterday wrote to importers and trade bodies, urging them to expedite obtaining goods.

The letters were sent to the leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the Bangladesh Knitwear Manufacturers and Exporters Association, the Chittagong Customs Clearing and Forwarding Agents Association, and the Chittagong Chamber of Commerce and Industries.

The CPA said if the delivery did not pick up immediately, there would be congestion inside the port yards, which will hamper the operational activities of the country's premier seaport, which handles more than 90 per cent of Bangladesh's seaborne trade.

The release of import containers began slowing a few days before Eid day, which was celebrated on Tuesday.

A total of 5,156 TEUs (twenty-foot equivalent units) of import containers were handed over to importers on April 28.

On April 29, the delivery of goods dropped to 3,305 TEUs. It was 2,972 TEUs on April 30, 1,068 TEUs on May 1 and 227 TEUs on May 2.

Not a single container was released from the port on Eid day.

The port delivered 705 TEUs of containers on May 4, some 1,092 TEUs on May 5, and 1,512 TEUs

READ MORE ON B3

STOCKS	
DSEX ▲	CASPI ▲
0.39% 6,669.41	0.53% 19,594.82

COMMODITIES	
Gold ▲	Oil ▲
\$1,883.86 (per ounce)	\$110.56 (per barrel)

ASIAN MARKETS			
MUMBAI ▼	TOKYO ▲	SINGAPORE ▼	SHANGHAI ▼
1.56% 54,835.58	0.69% 27,003.56	1.55% 3,291.89	2.16% 3,001.56

Drawing large investors to stocks still a tall order

BSEC should address perennial issues for that

AHSAN HABIB

When a sector offers opportunities to make a good profit and there is a conducive climate to invest, investors - large and small and local and foreign - don't need to be told to channel investments there. Money flows in automatically. It is common when it comes to investment in the free market economy.



But this is not the case in the stock market of Bangladesh where manipulation is rampant, good stocks are scarce, regulatory oversight is weak, and unscrupulous traders often get off scot-free - enough to frighten big investors sitting on a huge amount of funds away.

Therefore, retail investors dominate the market, controlling 80 per cent of the market capitalisation. This has deepened the volatility of the market since many individuals lack adequate knowledge about the market, behave like day traders, and are reactive to local and global developments and panic-driven.

Institutional investors account for 20 per cent of the

READ MORE ON B3



As the government has banned fishing in the sea for 65 days starting from May 20, fishermen are getting ready for their last sea voyage in the hope of a good catch before the restriction kicks in. The photo was taken from the Fishery Ghat area in the port city yesterday.

PHOTO: RAJIB RAHMAN

REFINANCE SCHEME

Time extended for cinema owners

STAR BUSINESS REPORT

The country's cinema owners will now get time until December 31 this year to apply for loans from the Tk 1,000 crore refinance scheme formed by Bangladesh Bank.

Yesterday through a notice, the banking regulator extended the deadline, which was supposed to end on March 31.

The refinance scheme was formed to help the owners set up new halls or renovate the existing ones.

In February last year, the Bangladesh Bank had asked hall owners to apply for soft loans within March, but many of them did not get the message in time.

Against the backdrop, the BB extended the

READ MORE ON B3

Brac Bank launches real-time cash deposit machines

STAR BUSINESS DESK

Brac Bank has launched 39 real-time cash deposit machines (RCDMs) in Dhaka, Gazipur, Chattogram, Sylhet, Rajshahi, Khulna, Rangpur, Bogura, Jashore and Pabna in the first phase.

The machine allows customers to deposit cash any time and any day of a week to their Brac Bank accounts and pay credit card bills within minutes, a press release said.

"RCDM will bring immense convenience to the customers as they can deposit money anytime and any day without visiting a branch. The machines will be deployed across the country in phases as part of the pursuit of strengthening our alternate banking channel," said Nazmur Rahim, head of alternate banking channels at Brac Bank.

The customers can deposit minimum Tk 10 and maximum Tk 50,000 in a single transaction.

The deposited amount will instantly be reflected on the beneficiary account balance with transaction notification through short message service (SMS).

China offers relending facility for transport

REUTERS, Beijing

China's central bank said on Friday it launches a 100 billion yuan (\$15 billion) relending facility to support the transport, logistics and storage sectors which have been hit hard by Covid-19.

The People's Bank of China (PBOC) will better combine its broad-based and structural policy instruments, and constantly optimise its structural policy system, it said in a statement posted on its Wechat account.



A roadside mustard oil salesman is seen funneling the product into bottles before selling it to passing customers. This mobile vendor currently sells about 120 litres of mustard oil each day at about Tk 260 per litre thanks to increased demand in the face of rising soybean oil prices. The photo was taken from the Ferry Ghat intersection of Khulna city on Saturday.

PHOTO: HABIBUR RAHMAN

Global scramble for metals puts Africa into mining spotlight

REUTERS, Johannesburg

The need to secure new sources of metals for the energy transition amid sanctions on top producer Russia has increased the Africa risk appetite for major miners, who have few alternatives to the resource-rich continent.

Companies and investors are considering projects they may have previously overlooked, while governments are also looking to Africa, anxious to ensure their countries can procure enough metals to feed an accelerating net-zero push.

This year's Investing in African Mining Indaba conference, which runs May 9-12 in Cape Town, will see the highest-ranking US government official in years attending, organisers say, as well as representatives from the Japan Oil, Gas and Metals Corporation (JOGMEC), in a sign of rich countries' rising concern about securing supply. "The reality is that the resources the world wants are typically located in difficult places," said Steven Fox, executive chairman of New York-based political risk consultancy Veracity Worldwide.

The US administration wants to

position itself as a strong supporter of battery metals projects in sub-Saharan Africa, he said.

"While Africa presents its challenges, those challenges are no more difficult than the corresponding set of challenges in Canada. It may be easier to actually bring a project to fruition in Africa, than in a place like Canada or the US," he added.

The United States has voiced support for new domestic mines, but projects have stalled. Rio Tinto's Resolution copper project, for example, was halted over Native American claims on the land, and conservation issues.

Certainly, the risks of mining in sub-Saharan Africa remain high. The acute security challenge facing mines in the gold-rich Sahel region was highlighted last month when Russia's Nordgold abandoned its Taparko gold mine in Burkina Faso over an increasing threat from militants.

And even in the continent's most industrialised economy, South Africa, deteriorating rail infrastructure is forcing some coal producers to resort to trucking their product to ports.

Yet with Russia's 7 per cent of global

nickel supply, 10 per cent of the world's platinum, and 25-30 per cent of the world's palladium off the table, Africa's rich deposits of those metals start looking a lot more attractive.

"As a mining company, there aren't many opportunities and if you are going to grow, you're going to have to look at riskier countries," said George Cheveley, portfolio manager at Ninety One.

"Clearly, after Russia-Ukraine people are more sensitive to geopolitical risk and you cannot predict which projects are going to work out and which are not," he added. Kabanga Nickel, a project in Tanzania, secured funding from global miner BHP in January, and CEO Chris Showalter said it is seeing increased demand from potential offtakers. Western sanctions on Russia over its invasion of Ukraine are forcing metals supply chains to reconfigure along geopolitical lines, Showalter said.

"Not everyone's going to be able to get clean battery metals from a friendly jurisdiction, so I think some difficult decisions will have to be made, and it is going to force people to make some new decisions about where they want to source."

A Rouf Chowdhury reelected as Bank Asia chairman

STAR BUSINESS DESK

A Rouf Chowdhury has been re-elected as chairman of Bank Asia at the 473rd meeting of the board of directors of the bank held recently.

He is the main sponsor of Bank Asia Ltd. Chowdhury is an eminent businessperson and industrialist of the country.



He is the chairman of Rangs Group and Sea Resources Group and one of the directors of Mediaworld which owns The Daily Star, the highest circulated English daily in the country.

He has established reputed organisations in transport, medicine, real estate, IT, banking, deep sea fishing and in other sectors of the country that are contributing immensely to the country's employment generation and economic development.

Chowdhury was the president of Bangladesh Basketball Association for four years.

He has been a member of the executive committee of Kurmitola Golf Club for over 20 years.

Chowdhury is actively associated with many social activities.

Karmasangsthan Bank gets new chairman

STAR BUSINESS DESK

Md Nurul Amin, former senior secretary, has been appointed as chairman of Karmasangsthan Bank last month.



He had been serving as a senior secretary of the ministry of planning prior to joining the bank, a press release said.

Amin also served as secretary to the ministry of Chattogram Hill Tracts Affairs.

He started his professional career in administration cadre in 1986.

He worked in different capacities in the ministries of Primary and Mass Education, Religion and the Prime Minister's Education Assistance Trust in his long career.

He has a special reputation for knowledge, efficiency, honesty, discipline, dutifulness and fairness in administration.

He obtained his master's degree in management from the University of Dhaka.

Understanding country

FROM PAGE B4

2001 and since then has been flagged as a very risky investment destination. Sovereign risk increases when the budget deficit of the country is high as it must pay a large portion of its revenue just to service debts.

b) Exchange rate environment: How much a country's currency fluctuates has a direct impact on the returns that investors can expect. Whether it is multinational companies repatriating money or individual investors taking back funds, they all prefer a stable exchange rate environment with few fluctuations. This is affected by unexpected changes in inflation and interest rates which are affected by central bank policies. Thus, the macroeconomic situation has a large impact. This means Bangladesh Bank's managed exchange rate with the USD has been useful to these investors. If the foreign reserves of the country are high, then it can manage exchange rate movements by selling the foreign reserves. However, if the level goes down beyond a certain level, the country may not be able to support its trade obligations so this must be managed carefully.

c) Trade credit: If the trading partner cannot or is unwilling to pay their share of the business, then international investors will not invest in the country. This is more than just

the business culture of the country as it goes beyond to include the legal framework, options for receiving payment and support from national authorities.

d) Convertibility/repatriation: If it is difficult for investors to repatriate money from an economy that does not represent an attractive investment destination. Often currencies are not widely traded in the international market and large withdrawals may cause major forex losses that sacrifice overall returns.

2) Political risk: This is the most popular risk in this list and the one most people consider when investing in a developing country. This largely encompasses the nature of the political system and the stability of the political regime.

a) Political stability: If a country undergoes strikes, political upheavals, and disruptions on a regular basis, it suffers from low political stability and therefore is a riskier destination than a country which has peaceful transitions of power and there are fewer disruptions to business. For example, Bangladesh's relative political calm has improved the investment profile internationally.

b) Nature of political system: The norms in the political system, especially regarding the transfer of power, treatment of business interests,

ideologies of the political parties and the quality of international relations built by the country, all have a bearing on the attractiveness of a country politically as an investment destination.

3) Market risk: This relates to the legal environment in which a firm does business, the intellectual property regime, ease of doing business, banking structure in the host country and dispute resolution options available.

a) Legal environment: How easy it is to receive legal support and structured dispute resolution mechanisms plays a major role in the ease of doing business in the country. Since companies prefer to settle matters outside of costly litigation in courts, this is something they care about greatly. This is an area which is sorely lacking in Bangladesh.

b) Ease of doing business: Support with setting up a business, obtaining permits, setting up a supply chain and obtaining financing will all determine whether a company finds the hassle worth it to set up in a country. The banking structure and the norms which govern international settlements will also be important as multi-national companies receive and repatriate funds on a regular basis so international and local banks with strong international

settlement regimes will be very important. The structure of tax laws and how supportive it is to businesses will have a major effect as well.

c) Intellectual property laws: This is becoming an increasingly important aspect for developing countries and those with laws which protect IP interests are highly regarded.

4) Security: Investors must feel their investment destination is a secure place before they choose to invest. If they feel as if the country is not secure and they and their businesses are at risk of harm due to ideological, religious, or political reasons, then they will be unlikely to invest.

A more comprehensive list must be used to evaluate potential investment opportunities with guidelines on how to update the status of those assumptions. Bangladesh must excel in mitigating the risks outlined above and be very transparent about the risks investors face before we can hope to attract the levels of foreign direct investment we have targeted. Close government collaboration with global banks and professional firms with an international presence will go a long way to making Bangladesh an attractive investment destination. Of course, we need to do some hard work to refine our domestic set up too.

The writer is an economic analyst

Companies envision taxis

FROM PAGE B4

"We were at the end of the flight test expansion campaign at test points well above what we expect to see in normal operations," Joby executive chairman Paul Sciarra told analysts.

"I'm really excited about where we are right now; we have demonstrated the full performance of our aircraft." Its eVTOL aircraft have a maximum range of 150 miles (241 kilometers), a top speed of 200 miles per hour and a "low noise profile" to avoid an annoying din, the company said.

Joby has announced partnerships with SK Telecom and the TMAP mobility platform in South Korea to provide emissions-free aerial ridesharing. "By cooperating with Joby, TMAP will become a platform operator that can offer a seamless transportation service between the ground and the sky," TMAP chief executive Lee Jong Ho said in a release.

Joby has also announced a partnership with Japanese airline ANA to launch air taxi service in Japan.

And Toyota has additionally joined the alliance, with an aim to explore adding ground transportation to such a service there, Joby said.

Hurdles on the path include establishing infrastructure and adapting attitudes to make air taxis a part of everyday life. "For mass adoption, people need to have a mindset change," Bristow said.



Nur Mohammed, chairman of Jamuna Bank Ltd, inaugurates the bank's Zonal Business Development Meeting in Rajshahi recently. Kanutosh Majumder, Md Belal Hossain and Md Ismail Hossain Siraji, directors of the bank, were present.

PHOTO: JAMUNA BANK

Budget can't get rid

FROM PAGE B1

ignoring the actual implementation capability may give some political dividend but it ruins credibility, he said.

"A higher target also erodes the motivation of officials because they know that these are unrealistic and are not achievable."

The WB, in the update, also said the large gap between budget and execution limits the ability to enforce accountability in public finances and weakens the credibility of the budget.

"It also reduces effective implementation of public investment and service delivery, affecting the overall development outcomes of government programmes."

Selim Raihan, executive director of the South Asian Network on Economic Modeling, thinks Bangladesh needs big budgets to ensure

adequate allocation for health, education and social protection.

"From that perspective, a bigger budget is appreciable. We are doing that too every year but we are failing to implement that," he said.

In order to raise the size of the budget, a higher tax collection is necessary and reform in the tax system is needed. But the opposition to reforms is very strong. Besides, there is a lack of capacity to spend, said Raihan, also a professor of economics at the University of Dhaka.

"The budget has fallen into a cycle of low revenue collection, low implementation capacity and low spending. This cycle needs to be broken."

Khondaker Golam Moazzem, research director of the CPD, argues that the political economy of a bigger budget target

is it provides the scope to take up a large number of projects knowing fully well that they will not be implemented.

"Governments initiate many projects for political reasons and many of them are implemented over a long period. It has a demonstration effect."

In the case of a cost spiral, the longer implementation period provides the leeway to the dishonest people to take advantage of increased cost, he said.

Moazzem points out the efficiency of public agencies to implement the budget. "Public agencies can't utilise resources and implement projects if the number of schemes exceeds their capacity."

The CPD recommended fiscal targets be set in a realistic manner by taking into account current macroeconomic trends.



BY THE NUMBERS

- Number of internet users rose **7.31pc** y-o-y to **12.48cr** in March
- 21** lakh more customers were connected to internet m-o-m in March
- Of the number, mobile internet users rose by about **13** lakh
- Broadband internet users increased by **8** lakh to **1.09cr**
- Operators added **1.8cr** internet users since pandemic began
- Broadband connections almost doubled to **1.09cr** during pandemic
- Operators added **14** lakh new mobile subscribers m-o-m in March
- There were **18.92cr** mobile subscribers in the country now



Internet users rise in March

Fuelled by mobile data and broadband services for educational, entertainment and professional purposes

MAHMUDUL HASAN

The number of internet users in Bangladesh rose in March thanks to increased usage of both mobile data and broadband services for educational, entertainment and professional purposes amid the improving Covid-19 situation.

The number of internet users gained 7.31 per cent year-on-year in March to reach 12.48 crore, according to the latest data of the Bangladesh Telecommunication Regulatory Commission (BTRC).

On a month-on-month basis, the growth was 1.71 per cent, meaning that there were about 21 lakh more customers connected to the internet in March compared to February.

Of the 21 lakh new users, mobile internet users accounted for about 13 lakh, taking their total number up to 11.39 crore, while broadband users increased by 8 lakh to 1.09 crore.

Mobile and broadband internet services have been seeing a surge in usage ever since the pandemic surfaced in early 2020.

Mobile network operators added about 1.8 crore internet users since February that year while broadband connections almost doubled at the

same time.

Mustafa Jabbar, the minister for posts and telecommunications, said internet usage is increasing as the pandemic made the world data-dominant.

"If the number of internet users drops any time, it will be temporary," he added.

However, about 74 lakh customers were lost by network operators from November 2021 to January this year compared to the figures in last October, when the number of mobile internet users reached an all-time high of 11.91 crore.

Mobile internet usage rebounded from February as operators added 25 lakh subscribers from February to March.

According to Mohammed Shahedul Alam, chief corporate and regulatory officer at Robi, the rise in smartphone penetration and spectrum utilisation helped increase mobile internet usage in that period.

Three mobile network operators – Grameenphone, Robi and Banglalink – collectively purchased 27.4 megahertz of spectrum for \$885.35 million to lessen the pressure on their overstretched networks and improve their services following the rise in subscribers.

"Despite the spectrum purchase last

year, we haven't been able to roll it out fully as we were waiting for equipment imports," Alam said.

"Now, spectrum reframing has been completed and users' experience improved accordingly, helping the rise of mobile internet users," he added.

Spectrum reframing refers to the repurposing of spectrum bands to more effective technologies or new services.

According to the BTRC, the share of smartphones among locally produced mobile phones rose to 40.24 per cent in March from 33.55 per cent in January.

Alam said smartphone penetration in the country now stands at 52 per cent, up from 47 per cent at the end of last year. This means that out of 100 phone owners, there are at least 52 using smartphones.

However, Posts and Telecommunications Minister Jabbar said that network operators are yet to give customers the satisfaction of quality internet services.

"But the operators bought another 190 megahertz of spectrum for \$1.23 billion in March, which will boost their network in the future," he added.

In the mobile subscriber segment, all four major operators – Grameenphone, Robi, Banglalink and Teletalk – made

gains in acquiring new customers as they added about 14 lakh customers in March.

On a year-on-year basis, the growth was about 4.6 per cent for that month.

Market leader Grameenphone's total number of mobile phone customers increased 3.85 per cent year-on-year to 8.38 crore in March from 8.07 crore previously.

The operator added about seven lakh new customers that month.

The number of customers of Robi Axiata, the second largest mobile operator which crossed the 5-crore subscribers' landmark in September 2020, grew by 4.1 per cent year-on-year in March to reach 5.37 crore.

During the same month in 2021, it was 5.19 crore.

The network provider added three lakh new customers that month.

Third-placed Banglalink grew its customer base by about 5 per cent year-on-year in March to reach 3.80 crore.

The carrier also added about over three lakh new customers that month.

The number of customers of state-owned Teletalk, which lags behind all private operators by a big margin, rose 22.50 per cent year-on-year in March to reach 68.9 lakh by adding about 10,000 new customers that month.

Uber hit with loss despite rider rebound

AFP, San Francisco

Uber shares skidded last week after the company said it was hit with a big loss in the first three months of this year despite a rebound in its ride-share business.

Quarterly revenue at Uber's rides unit nearly tripled year on year to \$2.5 billion, topping the sum taken in from its food-delivery service for the first time since the pandemic prompted a boom in people ordering meals in.

But despite overall revenue more than doubling compared to the same period last year, Uber logged a net loss of \$5.9 billion.

The loss was due almost entirely to revaluation of its stakes in Grab and Didi in Asia and autonomous driving technology enterprise Aurora in the United States, the earnings report said.

"After two years of persistent and sometimes unpredictable impact across our business, our (first quarter) results resoundingly affirm that we're on a strong path emerging out of the pandemic," Uber chief executive Dara Khosrowshahi said on an earnings call.

Uber rival Lyft reported its earnings a day earlier, saying ridership was soft in January due to the impact of the Omicron Covid-19 variant, but that demand rebounded sharply the following two months.

Lyft said it lost \$196.9 million in the first quarter, most of which was due to stock compensation for employees.

Xi warms up China's economy, but virus narrows options

AFP, Beijing

President Xi Jinping has offered state backing for tech, infrastructure and jobs to revive China's economy, but analysts warn growth will continue to wilt until Beijing drops its rigid virus controls.

Two and a half years since the coronavirus first emerged in Wuhan, China is the last major economy still closed off to the world, despite its relatively low death toll.

Lockdowns across dozens of cities – from the manufacturing hubs of Shenzhen and Shanghai to the breadbasket of Jilin – have wreaked havoc on supply chains over recent months, crushing small businesses and trapping consumers at home.

That has imperilled Beijing's full-year growth target of about 5.5 per cent, with forecasters anticipating that around one percentage point may be shaved off that figure.

"We remain deeply concerned about growth," Nomura analysts said this week. "We believe the Omicron variant and zero-Covid strategy represent the dominant challenges to growth stability."

Yet China's Communist leadership insisted Thursday that the country will stick "unswervingly" to zero-Covid, with a meeting chaired by Xi declaring that "persistence is victory".

Drawing large investors to stocks still

FROM PAGE B1

market value at the Dhaka Stock Exchange (DSE), the premier bourse in the country, against the global average of 41 per cent.

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.

The dominance has rightly prompted the Bangladesh Securities and Exchange Commission (BSEC) to move to raise the stake of institutional investors such as banks, stock dealers, and asset management companies. It has written to them to increase their investments.

In recent times, the regulator also held roadshows abroad in a bid to raise the participation of foreign and institutional investors in the markets.

But will the BSEC measures bring any meaningful change to the market? Perhaps not.

This is because, analysts say, the investment environment is not conducive because of multiple factors.

One of the major weaknesses is that there is a question about the credibility of the financial reports of listed companies. And one may find one fine morning that the financial position of a company has changed overnight due to the misrepresentation of the real scenario of the firm in its financial reports.

It has happened several times in the past where companies overstated prospects and profits before listing with the exchanges. But after they went public, the profits slumped and investors suffered losses.

It is also seen that some listed companies report higher profits year after year, keeping their share prices buoyant. But they hardly pay out cash dividends to shareholders.

Similarly, there is a group of companies that make money and pay out a handsome dividend every year but their share prices don't move upwards to a significant degree.

Owing to such a mismatch, institutional and other investors who make investment decisions based on data, facts and research feel discouraged to pour funds.

The most disturbing trend in the markets is low-performing companies, junk stocks, and the shares of even shuttered factories with no guarantee whether they would be able to make a comeback sometimes are sold like hot cakes as investors chase speculative issues.

Thus, the exchanges are treated as a board for speculators. But one can't expect an influx of foreign and institutional investors with such a reputation.

So, until rampant manipulation is curbed, the equity market will continue to be seen as a speculative market rather than an investment destination.

Another challenge facing the market is since the number of sound stocks is low, investors' scope to park funds is

largely limited. The number of companies at the DSE and the Chittagong Stock Exchange with significant investment from foreign and institutional investors is just 30.

The number of listed companies at the DSE is 349, excluding mutual funds and bonds, whereas the Bombay Stock Exchange has 5,254 listed companies and 576 companies trade at the Karachi Stock Exchange.

There is a dearth of investible products at both exchanges in Bangladesh since they are mainly equity-based.

Large investors might pay heed to the instruction of the BSEC and park some investments. This might send the index to a higher level. But this might not help make the market vibrant in a sustainable manner because the regulator is not addressing the real problems confronting the market.

The stock market is mostly dependent on the banking sector and the regulator always asks them to raise their participation.

But banks should not invest heavily in such a risky business and the stock market is not their core business either. What is even more important, they are doing business with depositors' money.

So, the BSEC target life funds and pension funds as they are huge in size and have the leeway to keep funds

invested for a longer period. For example, the size of the country's life insurance fund is about Tk 50,000 crore and most of them are invested in government bonds.

Therefore, the BSEC needs to create an environment that can pull big funds to the market. In order to do so, analysts say, the regulator should strengthen monitoring to eliminate manipulation.

It sometimes seems that the BSEC does not want to go after rogue players since any stern measures against them may cause the market to fall. But it should not be worried about index movement.

Rather, it should focus on improving good governance because if the market falls primarily for an intensified focus on governance, it will ultimately bounce back with the strong presence of institutional investors.

The BSEC should also deepen collaboration with the Financial Reporting Council to ensure the fair representation of companies' financial health in their statements.

Restoring investors' confidence, attracting more foreign and local investors through the improvement of corporate governance and bringing in good stocks are going to be a tall order for the BSEC.

But that is what one expects from the regulator if you want to make Bangladesh an attractive investment destination.

Countries vow to boost food security amid war

AFP, Geneva

The European Union, the United States and more than two dozen other countries vowed Friday to shore up global food security in a joint statement to the World Trade Organization.

Voicing alarm at the "global effects on food security" triggered by Russia's invasion of Ukraine, they stressed "the urgency and importance of maintaining open and predictable agricultural markets and trade". That would "ensure the continued flow of food, as well as products, services and inputs essential for agricultural and food production and supply chains", they added.

The United Nations has warned the

war and economic sanctions on Moscow have disrupted global food supplies, sparking fears of widespread hunger.

"The bullets and bombs in Ukraine could take the global hunger crisis to levels beyond anything we've seen before," World Food Programme chief David Beasley warned back in March.

The conflict, he later told the UN Security Council, would mean "skyrocketing food, fuel and shipping costs, less food for the starving and even more people going hungry." Russia and Ukraine, whose vast grain-growing regions are among the world's main breadbaskets, account for a huge share of the globe's exports in several major commodities, including wheat, vegetable oil and corn.

Import containers pile up

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port on May 1 and it rose to 43,997 TEUs yesterday morning.

Ready-made garment factories are the major users of the port as they bring in raw materials and ship finished apparel items.

Port data showed 36,497 TEUs of import load containers were lying at the

last few days as factories remained shut for seven to eight days owing to Eid.

The commercial section of factories was also closed and C&F agent firms went on Eid vacation.

"Daily delivery has started improving since Saturday. As factories are reopening, the delivery will accelerate soon," Islam said.

Time extended for cinema

FROM PAGE B1

deadline such that the cinema owners will manage the fund smoothly.

Under the refinance scheme, entrepreneurs will get Tk 10 crore each to set up new cinemas.

Meanwhile, existing hall owners will be allowed to get Tk 5 crore each in order to renovate their theatres. The central bank in the

previous notice mentioned that the scheme was declared with a view to bringing back the glory of Bangladeshi cinema.

The repayment period of the loans will be eight years, including a one-year grace period with quarterly instalment.

Of the refinance fund, Tk 500 crore will be given out in the first phase while the

rest in the second phase. Participating banks with the refinance scheme will take the fund from the central bank at 1.5 per cent interest.

The interest rate for the end-users will be 5 per cent in the metropolitan zones and 4.5 per cent for the borrowers located outside the metropolitan areas, according to the BB.

Zimbabwe suspends bank lending

Bid to arrest currency decline

REUTERS, Harare

Zimbabwe's government on Saturday ordered banks to stop lending with immediate effect in a move Harare said was designed to stop speculation against the Zimbabwean dollar and was part of a raft of measures to arrest its rapid devaluation on the black market.

The southern African country reintroduced a local currency in 2019 after abandoning it in 2009 when it was hit by hyperinflation.

However, the Zimbabwean dollar, which is officially quoted at 165.94 against the US dollar, has continued to slide on the black market, where it is trading between 330 and 400 to the greenback.

The devaluation of the Zimbabwe dollar's black market exchange rate has been driving up inflation

The black market exchange rate has moved from about 200 Zimbabwe dollars at the beginning of the year.

President Emmerson Mnangagwa on Saturday announced measures he said were meant to arrest the currency's depreciation, which he said threatened Zimbabwe's economic stability.

"Lending by banks to both the government and the private sector is hereby suspended with immediate effect, until further notice," Mnangagwa said in a statement.

He accused unnamed speculators of borrowing Zimbabwe dollars at below-inflation interest rates and using the money to trade in forex.

Other measures include an increased tax on forex bank transfers, higher levies on forex cash withdrawals above \$1,000, and the payment of taxes which used to be charged in forex in local currency.

The devaluation of the Zimbabwe dollar's black market exchange rate, which is used in most financial transactions in the economy, has been driving up inflation.

Year-on-year inflation quickened to 96.4 per cent in April, from 60.6 per cent in January.



Workers are seen harvesting onion seed crops at a field in Gobindapur village under Faridpur sadar upazila. Untimely rains followed by extreme heat and pest infestations during the cultivating season have left farmers with little hope of getting their expected yields this year.

PHOTO: SUZIT KUMAR DAS

Onion seed growers face production shortfall

Drought, pest infestations, lack of pollination to blame

SUZIT KUMAR DAS, Faridpur

Onion seed growers in Faridpur are worried about being able to attain their expected production levels this year due to unfavourable weather conditions, swarming caterpillar infestations and low bee pollination.

Most onion seed growers claim that the bulbs were damaged due to excessive rain amid cyclone Jawad during the cultivation period.

The farmers then planted fresh bulbs but the extreme heat just before harvest have burnt the seeds.

According to sources at the Department of Agricultural Extension (DAE) in Faridpur, a total 1,714 hectares of land across nine upazilas of Faridpur are being used to cultivate onion seeds this year while it was 1,711 hectares last year.

Farmers in the district have cultivated different varieties of onion seed, including the Rajshahi Tahirpur, Super King, Sukhsagar, Bari-4, Nasik King and also some hybrid ones. A new variety of onion seed called "Summer Season Onion" was introduced this year as well.

While visiting some farms in the Vashanchar, Purba Vashanchar and Dhuldi Gobindapur villages under Faridpur sadar upazila, this correspondent saw that most of the onion seed stems had dried up while many failed to flower due to a lack of pollination.

What's worse, some of the blubs had become detached from their stems as swarming caterpillars continue to eat away at them.

Almas Mandal, an onion seed farmer in Gobindapur village, said he cultivated onion seeds on two acres this year at a cost of Tk 3.5 lakh.

"All the bulbs were damaged due to excessive rain during the primary cultivation period in the first week of December. So, I had to replant the crops in the last week of the same month," he said.

"Still though, extreme heat has dried up most of the stems and now I worry about getting even 50 kilogrammes (kgs) of seed this year," Mandal added.

Abul Hasan Tuhin, a farmer of Vashanchar village, said the time between the first week of November and the second week of December is the perfect time to cultivate onion seeds. The crops would then be ready for harvest by the last week of March and first week of April.

"But I had to cultivate onion seeds in the last week of December as rainwater was stuck on my land. I have cultivated just one acre of land this year and hope to get only 120 kgs of seed," he added.

Jalil Jamadar, another onion seed grower of the same area, said he cultivated the crop on two acres last year by spending Tk 2 lakh to get about 200 kgs of seed.

"From the seeds I got profit of Tk 1 lakh

and so, I cultivated 2.5 acres this year at a cost of Tk 3.5 lakh but I will not get more than 50 kgs of seed due to various issues," he added.

Shahida Begum, one of the biggest onion seed growers in Faridpur, said she had cultivated the crop on 35 acres last year to get about 74,000 kgs of seed.

She sold each maund (37 kgs) of seed for between Tk 70,000 and Tk 250,000. But this year she cultivated only 30 acres as the rain damaged her bulbs during the initial cultivation period.

As such, onion seed production is not expected to exceed more than 30 per cent to 40 per cent of previous levels amid droughts, insect infestations and a lack of pollination this year.

Still though, she hoped that the price of onion seeds would be higher than what was last year in order to offset the loss of sales.

"This year, I have cultivated a new variety of onion seed. The name is Summer Season Onion and it can be cultivated year-round," she added.

Hazrat Ali, deputy director of the Faridpur DAE, said the district was the first in Bangladesh to produce onion seeds.

Last year, a total of 890 tonnes of onion seeds were produced in 1,711 hectares of land across Faridpur.

"Although our target was to secure 850 tonnes this year, we expect that production will not exceed 500 tonnes," Ali said.

"Last year, each decimal of land produced about 1-1.25 kilogrammes of onion seed but this year, it is tough to get only 500 grams of seed from the same amount of land," he added.



Understanding country risk

MAMUN RASHID

Investors typically take 5 to 10 years of historical data as a basis for projections of the future. But in cases such as Russia's invasion of Ukraine or Sri Lanka's rapid economic deterioration, the past is not a metric that can be relied on for the future.

Although the global financial system is based on faith and investors seeking to maximize risk adjusted returns, the risk amplifies when it comes to investing abroad as you need to account for the myriad of risks that come with investing in an unfamiliar territory and economy, not just the ones focused on the individual characteristics of the asset. Mature fundamental analysis in cross country investment also considers how the stock is positioned relative to its industry peers with respect to trends affecting the industry or country.



The level of country-risk must be examined for any country before it can be selected as an attractive destination as the level of returns on offer are immaterial if the returns cannot be recouped from the country.

This form of investment ranges from investments in the stock market of different countries to the foreign direct investments which are often so crucial for developing countries. Therefore, developing countries like Bangladesh who are competing to attract international funds should focus on improving their risk profile. Bangladesh needs to do a lot better on these metrics before we can expect significant inflows of FDI that will move the needle on our development.

Sovereign rating agencies are often viewed as the authority on the riskiness of the countries that are invested in. They take cognisance of the macroeconomic performance, fundamental structure of the financial system, tax system, policies for investment promotion and protection among other things while determining a country's risk rating. International investment community does look up to them for their investment decision making.

The level of country-risk must be examined for any country before it can be selected as an attractive destination as the level of returns on offer are immaterial if the returns cannot be recouped from the country

Investors want a consistent set of policies which will protect the rights of investors in the long run. They do not want to simply cash out immediately but focus on growing their investment. In such a situation, flexible laws that adapt quickly but are based on the same principles are very important.

Country risk can be defined by different institutions into many complex and interrelated factors, but it can largely be divided into four types of risks: economic, political, market and security. Each of them can be broken down and there is no universal agreement on exactly what constitutes each type of risk, however, a few are generally accepted as being part of each bracket.

1) Economic and financial risk: This largely concerns the sovereign risk, exchange rate environment and trade credit risk.

a) Sovereign risk: It concerns the inability/unwillingness of a borrowing government to repay loans that it has taken. Since governments cannot be forced to pay the risk that a government might default on, its obligations are significant and investors all over the world treat this as one of the highest risks. For example, Argentina defaulted on its debt obligations in

READ MORE ON B2

Companies envision taxis flying above jammed traffic

AFP, San Francisco

As urban traffic gets more miserable, entrepreneurs are looking to a future in which commuters hop into "air taxis" that whisk them over clogged roads.

Companies such as Archer, Joby and Wisk are working on electric-powered aircraft that take off and land vertically like helicopters then propel forward like planes.

"The Jetsons' is definitely a reference that people make a lot when trying to contextualize what we are doing," Archer Vice President Louise Bristow told AFP, referring to a 1960s animated comedy about a family living in a high-tech future. "The easiest way to think about it is a flying car, but that's not what we're doing." What Archer envisions is an age of aerial ride-sharing, an "Uber or Lyft of the skies," Bristow said.

Neighborhood parking garage rooftops or shopping mall lots could serve as departure or arrival pads for electric vertical take-off and landing (eVTOL) aircraft.

Commuters would make it the rest of the way however they wish, even synching trips with car rideshare services such as Uber which owns a stake in Santa Cruz, California-based Joby. Joby executives said on a recent earnings call that its first production model aircraft should be in the skies later this year.

That comes despite a Joby prototype crashing early this year while being tested at speeds and altitudes far greater than it would have to handle as part of an air taxi fleet.

Joby has declined to discuss details of the remotely piloted aircraft's crash, which occurred in an uninhabited area, saying it is waiting for US aviation regulators to finish an investigation.

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Two visitors look at a scale model of an electric air vehicle made by Supernal, a company developing a family of electric air vehicles, displayed at Air-One, the world's first vertiport for flying taxis and autonomous delivery drones at the Urban-Air Port in Coventry, the UK on April 25.

PHOTO: AFP

AiIB may give Lanka \$100m in emergency funding

REUTERS, Colombo

The China-backed Asian Infrastructure Investment Bank (AIIB) is considering granting \$100 million in emergency support to Sri Lanka, the country's finance ministry said on Sunday.

Sri Lanka has requested foreign-exchange liquidity support for state banks from the lender, it said in a statement.

Hit hard by the pandemic, rising oil prices and populist tax cuts by the government of President Gotabaya Rajapaksa, the South Asian island's economy is in crisis, with usable foreign reserves down to \$50 million, Finance Minister Ali Sabry said last week.

Shortages of imported food, fuel and medicines have brought thousands onto the streets in over a month of mostly peaceful protests. Rajapaksa declared a second state emergency in five weeks on Friday.