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POLICY RATE HIKE BY MAJOR ECONOMIES



The US hiked policy rate on May 4



India raised the rate on May 4



The UK increased the rate on May 5



European Central Bank may hike the rate in July



Bangladesh increased the rate in Jan 2012



EXPERTS THINK...



BB should increase policy rate immediately



Lending and deposit ceiling should be withdrawn



If policy rate is raised, it may help contain inflation



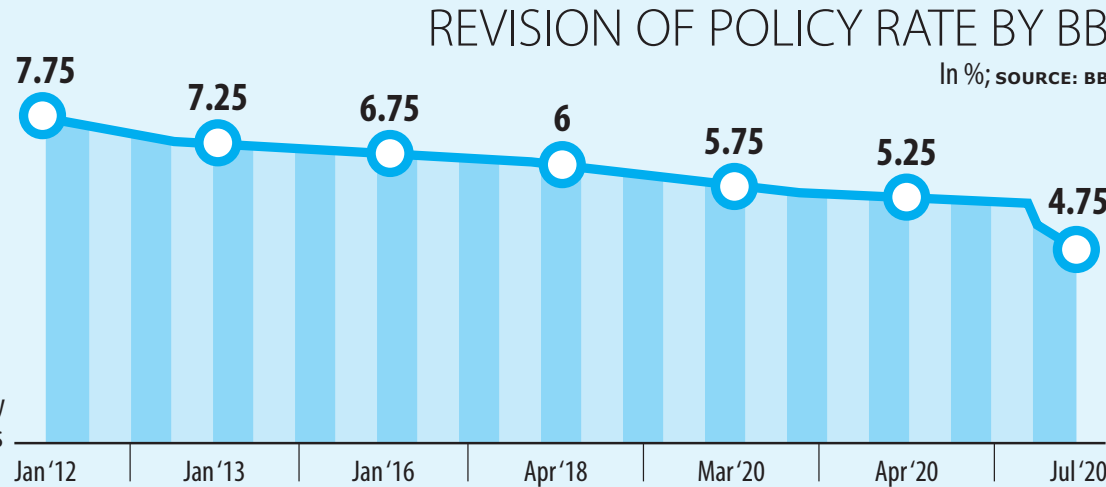
Taka will become more attractive once depreciated



Lifting deposit cap will encourage depositors



Money laundering may rise if taka remains less attractive



FIGHTING INFLATION, FOREX CRISIS

Is hiking policy rate the next tool for BB?

AKM ZAMIR UDDIN

Central banks around the world have commenced hiking policy rates in order to contain the inflationary pressure stemming from the ongoing global supply chain disruption and demand recovery.

Bangladesh has also not been spared from the rising prices, which have also been driven by higher commodity costs.

In addition, the taka is facing depreciation pressure against the US dollar as the Bangladesh Bank has moved to contain the soaring import payments amid an acute shortage of the American greenback in the local market.

The Daily Star talked to four economists to know whether the BB should revise its policy rate, the rate at which a central bank lends money to banks on a short-term basis.

Of them, three economists have suggested the BB increase the benchmark rate immediately and the rest has advised the central bank to monitor the situation before

bringing in any change.

The policy rate, which is termed the repurchase agreement in Bangladesh, is a pivotal benchmark interest rate, which is followed by commercial banks to set the interest rates on both loans and deposits.

An increase in the policy rate means a higher cost of funds for banks when they borrow from the central bank. This ultimately pushes up the interest rate on loans as well.

Central banks usually consider raising the policy rate when they plan to lower the supply of money in the market at a time of higher inflation.

In Bangladesh, the central bank last increased the policy rate on January 5, 2012, raising it by 50 basis points to 7.75 per cent. The rate has gone down over the years.

The central bank cut the policy rate three times in 2020 in order to implement its unconventional monetary policy, which helped businesses borrow from banks at a lower cost.

In July 2020, the BB slashed

the rate by 50 basis points to 4.75 per cent.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, urged the central bank to raise the policy rate immediately.

He also suggested the

central bank depreciate the local currency against the USD in line with the demand and supply.

The former economist of the International Monetary Fund argued that the taka would become more attractive if the BB devalues it along with hiking the policy rate.

He explained that exporters might not feel interested in bringing back export proceeds

unless they get their desired exchange rate of the dollar.

In addition, the withdrawal of the ceiling on the interest rate on deposits would encourage savers, both individuals and businesses, to park their funds with banks.

hike the rate in July, for the first time in over a decade. Mansur said both consumption and investment should be curbed in order to help Bangladesh get relief from the ongoing foreign exchange crisis.

Foreign sources, which lend funds to governments and businesses, are now keeping an eye on Bangladesh. If the regular flow of foreign exchanges faces any roadblock, they will shy away from giving out funds.

"In such a situation, the country will see the deepening of the crisis," said Mansur. Monzur Hossain, research director of the Bangladesh Institute of Development Studies, raises questions why the central bank is not using monetary tools to contain inflation.

He recommended the BB increase the policy rate. Inflation shot up to 6.29 per cent in April, the highest in 18 months, according to data from the Bangladesh Bureau of Statistics.

READ MORE ON B3



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"Businesses might launder money abroad to get a higher return as many central banks have increased policy rates, which have subsequently pushed up the lending rates," said Mansur.

Central banks in the United States, the United Kingdom and India hiked policy rates in the first week of May to tamp down inflation. The European Central Bank is expected to

REMITTANCE

No need to submit papers to get incentive

STAR BUSINESS REPORT

Bangladesh Bank yesterday relaxed the rules related to a 2.5 per cent cash bonus offered as an incentive to remitters if they send money home through official channels.

It said non-resident Bangladeshis (NRBs) and migrant workers would not be required to present documents when sending \$5,000 or Tk 5,00,000 and above as remittance in order to qualify for the government incentive.

The move comes at a time when the inflow of remittance has been on the decline as the taka is losing its value against the US dollar amidst a rise in import bills.

A central bank official said the BB eased



the rules based on the finance ministry's recommendation in an attempt to attract NRBs to send more remittances.

A major strength of Bangladesh's economy, remittance declined 16 per cent year-on-year to \$17.30 billion in the July-April period of the current fiscal year, showed the BB data.

"Definitely, it is a good move and it has come at the right time," said Mohammed Monirul Molla, managing director and CEO of Islami Bank Bangladesh, the biggest remittance collector.

He said migrant workers were sending remittances but those who send home large amounts sometimes do not show interest in submitting relevant documents.

"We need foreign currency. This step will play a good role in bringing in remittances," he said.

The government has been providing the incentive since July 1, 2019 to get the NRBs and migrant workers into sending money home from abroad through formal channels.

READ MORE ON B3

STOCKS	
DSEX ▲	CASPI ▲
1.93% 6,261.54	1.78% 18,400.00

COMMODITIES	
Gold ▲	Oil ▲
\$1,856.02 (per ounce)	\$110.72 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.07% 54,288.61	▲ 0.98% 27,001.52	▼ 0.83% 3,213.65	Flat 3,146.86

SOCIAL SAFETY NET

Old age allowances grossly inadequate

Recipients say

ANWAR ALI

Shamsul Huda, a beneficiary of the government's social safety net programmes, lives in a rickety little tin-shack in Noboganga area under Paba upazila of Rajshahi.

With a mud-oven and two bamboo benches out front, the ramshackle structure resembles a shop more than it does a home.

However, this is with good reason as Huda once used to sell tea and dry food items from the stall.

"But it has become by home now," the 82-year-old said while describing how the government allowance he receives has fallen short of protecting him from complete poverty.

Huda was 65 when he first started getting an old age allowance from the government in 2005. The shop still provided an income at the time and his sons were there to help out too.

"I was doing well back then with all these helps," he said. But even though the monthly old age allowance was increased to Tk 500 from Tk 180 in fiscal year 2016-17, Huda's growing age and deteriorating health eventually caught up to him.

Having suffered from asthma from an early age, Huda was forced to shut down the tea-stall as smoke emissions from the mud-oven would worsen his condition.

Huda needs to buy two asthma inhalers costing about Tk 250 apiece each month and seeing as he receives three-months of allowance at a time, all the money is usually spent on his treatment.

READ MORE ON B3



Shamsul Huda, a beneficiary of the government's social safety net programmes, stands beside his small tin-shed house in Paba upazila of Rajshahi. The dingy structure that once served as a tea stall is a poor place to live in considering its cramped environment. However, with government social safety protection measures falling short of Huda's needs, he has been forced to move into what was once his place of work.

PHOTO: ANWAR ALI

Stocks stop falling, finally

STAR BUSINESS REPORT

Stocks stopped incurring losses yesterday as many investors took a break from making sales to see the impact of the stock market regulator's policy intervention on enabling higher credit to be availed for the purchase of stocks.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), rose 118 points, or 1.93 per cent, to 6,261.

On Sunday, the Bangladesh Securities and Exchange Commission (BSEC) issued a directive allowing stockbrokers to provide a maximum of 100 per cent of an individual investor's deposit as credit.

That means an investor can get Tk 100 as credit to invest in stocks against an investment of Tk 100. Earlier, stockbrokers were allowed to lend 80 per cent of their deposits.

At the DSE, 343 stocks advanced, 19 declined and 14 remained the same.

READ MORE ON B2

Dhaka Travel Mart on June 2

STAR BUSINESS DESK

The 17th edition of Dhaka Travel Mart 2022, a three-day travel and tourism fair, is scheduled to begin on June 2, organised by fortnightly The Bangladesh Monitor with US Bangla Airlines as the co-sponsor and online travel agency Triplover the title sponsor.

Mohammed Abdullah Al Mamun, managing director of US Bangla Airlines, and Kazi Wahidul Alam, editor of The Bangladesh Monitor, signed a deal to this end at the former's corporate head office in Dhaka recently, said a press release.

Inflation in Sri Lanka hits new record

AFP, Colombo

Sri Lanka's inflation hit a seventh consecutive record high in April as a petrol shortage worsened and food prices rose sharply, official data showed Monday.

The National Consumer Price Index rose 33.8 per cent year-on-year in April, more than six times the 5.5 per cent inflation of a year earlier. Annual food inflation stood at 45.1 per cent, according to the latest data released by the Department of Census and Statistics.

Hammered by a foreign exchange crisis, the country's 22 million people have been enduring acute shortages of essentials – including food and medicines – for months.

Protests are continuing outside President Gotabaya Rajapaksa's office demanding his resignation over the unprecedented economic turmoil.

Inflation is likely to rise further in May as fuel price hikes of 35 per cent for petrol and 65 per cent for diesel – commonly used in public transport – feed into the wider economy.



Masum pedals his for-hire rickshaw around Khulna city, managing to earn at best Tk 400 a day for his five-member family. Ensuring the upkeep of such low-income families is increasingly becoming challenging for fresh surges in prices of daily essentials. The photo was taken in front of New Market kitchen market in Khulna city recently.

PHOTO: HABIBUR RAHMAN

Turkey dreams of far-fetched gas pipeline with Israel

AFP, Istanbul

Turkey is ready for energy cooperation with Israel after years of enmity, reviving a project to pipe Israeli gas to Europe as Ankara seeks to reduce its dependence on Russia.

But the plan faces Israeli scepticism over past diplomatic tensions and seems a pipe dream in the eyes of experts due to its logistical complexity and cost.

President Recep Tayyip Erdogan has voiced readiness to "cooperate (with Israel) in energy and energy security projects" with the prospect of shipping Israeli gas to Europe through Turkey as the conflict in Ukraine triggers supply fears.

"Turkey has the experience and capacity to implement such projects. The recent developments in our region has shown once again the importance of energy security," he said in March.

Israeli President Isaac Herzog made a landmark visit to Ankara in March to build relations with his Turkish counterpart when both leaders proclaimed a new era following more than a decade of diplomatic rupture.

Turkish Foreign Minister Mevlut Cavusoglu will visit Israel on Wednesday. Energy Minister Fatih Donmez is also expected to travel but it was not immediately clear if he will accompany Cavusoglu.

But according to some experts, there is little Israeli interest in energy cooperation with Turkey.

"Energy relations are forged by cooperative, trusting states – certainly not how one would describe the current dynamics between the two countries," Gabi Mitchell, policy fellow at the MITM Institute in Israel, told AFP.

"There are those in Israel who argue that Erdogan is an untrustworthy party," he said. The Turkish leader is known for his angry outbursts at the Jewish state, especially over its policy towards the Palestinians.

In 2009, he stormed out of a Davos panel after a heated exchange with the then Israeli president, Shimon Peres.

NATO member Turkey had been Israel's key ally in the Muslim world until a 2010 crisis where 10 civilians died in an Israeli raid on a ship seeking to breach a blockade

on the Gaza Strip.

In 2016, the two countries agreed to start examining the feasibility of an undersea pipeline to pump Israeli gas to Turkish consumers and on to Europe.

But no progress has been made amid the tension between the two sides, with Erdogan seeing himself as a champion of the Palestinian cause and a strong backer of Hamas.

Yet Erdogan has been muted in his criticism in recent months and only voiced sadness over the Israeli-Palestinian violence at the flashpoint Al-Aqsa mosque compound, in a phone call with Herzog in April. The pipeline project runs through controversial waters in the eastern Mediterranean, where Turkey and EU members Cyprus and Greece are often at odds.

Mitchell said: "This isn't something Israel is interested in pursuing as it would damage relations" with Cyprus, Greece and the European Union.

"I've never thought the project feasible," the Foreign Policy Research Institute's Middle East Programme director Aaron Stein told AFP.

Foodpanda looks to tap growth Stocks stop

FROM PAGE B4

"As foodpanda operates across competitive markets, such data can be used by others to make any calculations."

Foodpanda launched pandamart, also an online platform, at the end of 2020, with an aim to deliver groceries and daily essentials at the doorsteps of customers within 30 minutes.

The idea came up as people found it difficult to come out of their houses for groceries owing to the risk of catching the virus and lockdowns.

"So, we grabbed the opportunity and partnered with major groceries," said Siddiky, who studied economics at the North South University.

After the rollout, pandamart faced some challenges since it could not track the inventory live. As a result, customer experience was not at its best since many did not receive their desired products after ordering.

This led the company to introduce dark stores, or warehouses, which gave pandamart complete control over inventory. This also increased its control over the supply chain.

Subsequently, customer experience improved. "The delivery time has been brought down to 20 minutes to 30 minutes," Siddiky said.

Currently, pandamart runs its operations through 32 warehouses in 16 districts, including the capital city and plans to expand further.

Siddiky thinks the food and groceries market is under-penetrated in Bangladesh.

"The food and groceries market size can be valued at \$9-10 billion. The online

industry has not had even 2-3 per cent penetration."

The young entrepreneur describes Bangladesh as a very good market in terms of profitability.

"We are on a path toward profitability. If we can't make a profit, the business will not be sustainable."

"If we constantly keep burning money, we will run the risk of losing investment. We need to prove that we are on our way to building a sustainable business, and we are doing just that."

Siddiky says if there are constant complaints against a particular restaurant, it intervenes and takes action.

"The percentage of mistakes is very low on our platform. We have a large team to ensure absolute minimisation of mistakes."

Foodpanda has a dedicated team to train restaurants, both online and offline.

"We do what we can to avoid our customers having a negative experience. If necessary, we may also delist restaurants from our platform."

Siddiky alleges that there were instances where customers harassed riders.

"In such cases, we have blocked the customers and taken appropriate legal actions."

He refuted complaints that foodpanda takes a hefty commission from restaurant owners, saying the average commission rate is low.

"Other companies, around the world, charge a higher rate than we do in Bangladesh. Even in the Indian market, aggregators charge a higher commission than us on average."

For a food delivery aggregator, a commission below 25-30 per cent leads

to the unsustainability of the business, he added.

In order to ensure the safety of riders, foodpanda trains them on safety issues while onboarding them. It has insurance that covers their treatment cost.

"Women, transgenders and even differently-abled individuals are working as foodpanda riders," Siddiky said.

He also shared his thoughts about the ongoing debate on the benefits and rights of the gig economy workers.

"Considering the nature of the job, we provide them with the opportunity to work whenever they want. We don't force them to work a certain number of days. We give them the freedom and flexibility to choose when they want to work."

"This independence is an amazing part of the gig economy. Alongside this, we are always working to provide an equal and safe working environment to everyone."

Foodpanda has invested heavily in logistics, making the system one of the best.

Currently, the company has more than 800 full-time employees as well as many contractual workers. In total, it employs over 1,000 people.

"We are also generating many jobs and income opportunities outside the office," Siddiky said.

There is indirect job creation as well. For example, restaurants are also generating employment opportunities thanks to the additional orders from online platforms.

"We play an important role in income generation and we will keep playing the role as we move forward," Siddiky said.

FROM PAGE B1

Turnover of the premier bourse dropped 3 per cent to Tk 658 crore.

The stock market bounced back following the government intervention after a sharp fall over eight days, said International Leasing Securities in its daily market review. The finance minister held a meeting with the central bank governor, finance secretary, and financial institutions division secretary on Sunday to devise mechanisms for preventing further falls of the stock indices, it said.

The minister instructed regulators to help stabilise the stock market, said the review.

He also advised to keep the investments of banks made through the Investment Corporation of Bangladesh out of the purview of their capital market exposure limit, it added.

This initiative gave a little confidence to investors and got them to wait and see what impact it had on the market, it added.

In the stock market, the DS30, the blue chip index, and the DSES, the Shariah-based index, gained 32.59 points and 15.26 points respectively.

Among the major sectors,

textile surged 4.8 per cent while jute 4.5 per cent.

Based on the turnover, investors' activities were mostly concentrated on miscellaneous (15.6 per cent), pharmaceuticals (13.3 per cent) and banks (9.4 per cent).

Paramount Textile topped the gainers' list, rising 9.94 per cent. S Alam Cold Rolled Steels, MIDAS Financing, National Feed Mills and VFS Thread Dyeing are in the list.

Bangas shed the most, dropping 4.78 per cent. The Rangpur Dairy & Food Products, Dhaka Insurance, International Leasing and Financial Services and Bangladesh National Insurance Company were in the list of those suffering losses.

Beximco became the stock to be traded the most, with shares worth Tk 48 crore changing hands, followed by Shinepukur Ceramics, JMI Hospital Requisite Manufacturing, Bangladesh Shipping Corporation and IPDC Finance.

Chittagong Stock Exchange (CSE) also rose. The CASPI, the price index of the port city bourse edged up 322 points, or 1.78 per cent, to 18,400. Among the 274 stocks to undergo trade, 207 advanced, 51 fell and 16 remained the same.

Biden says

FROM PAGE B4

"We have problems the rest of the world has but less consequential," he said.

While acknowledging the high fuel prices and food supply crunches caused by the war in wheat-producing Ukraine, Biden said his administration would continue to "grow our economy, create jobs".

Last week Treasury Secretary Janet Yellen said "I really don't expect the United States to fall into a recession".

However, she cautioned that European countries, which are among the biggest US trading partners, "are more vulnerable" due to reliance on Russian energy imports.

Eligible investors asked to raise funds in stocks

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has raised the investment requirement for eligible investors to qualify for the quota benefit during initial public offerings (IPOs).

The regulator took the decision yesterday at a commission meeting in a bid to increase the liquidity in the stock market through institutional investors. BSEC Chairman Prof Shibli Rubayat UI Islam presided over the meeting.

The decision came as the market suffered massive losses in the last few weeks.

The DSEX, the benchmark index of the Dhaka Stock Exchange, lost 556 points in eight trading days before recouping 118 points yesterday.

Each eligible investor, except for the pension fund, approved provident fund and gratuity fund, will have to increase their investment to Tk 3 crore from the existing Tk 1 crore on the cut-off date to avail the IPO quota benefit.

Each approved pension fund, provident fund or gratuity fund needs to raise its investment to Tk 1.50 crore from Tk 50 lakh.

Meanwhile, the BSEC ordered the electronics subscription system team of the stock exchanges to analyse the approval letter of the National Board of Revenue, the audited financial reports and bank statements of each pension fund, provident fund and gratuity fund.

These funds will not be allowed to invest in excess to the amount cited in their financial reports during IPOs, it added.

StanChart wins Best CSR Bank accolade

STAR BUSINESS DESK

Standard Chartered Bangladesh recently won the "Best CSR Bank" in Bangladesh award given by International Finance for innovative community engagement initiatives.

International Finance, a premium business and finance magazine published by UK-based International Finance Publication Ltd, recognised the bank's commitment to empowering all members of the community and for enabling both long-term and sustainable progress, growth, and recovery for the award.

During the Covid-19 pandemic, the bank has facilitated lasting economic and social recovery while addressing the pressing need to save lives, a press release said.

"The employment and entrepreneurship opportunities launched by Standard Chartered Bangladesh are geared to future-fit individuals facing an evolving work environment. Digital pathways are built into our education initiatives, and our partner community hospitals are setting the standard for community healthcare," said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

The jury of International Finance made all the selections, wherein they assess candidates based on category-specific criteria.

The International Finance Awards recognise and celebrate leadership, innovation, agility, and the ability to foster connections and perform in both the local and international sphere.



Md Monzur Mofiz, managing director of One Bank, received a certificate of appreciation from Fazole Kabir, governor of Bangladesh Bank (BB), on the central bank premises in Dhaka recently for achieving a loan disbursement target of a special refinance scheme under a Covid-19 stimulus package of Tk 5,000 crore. AKM Sajedur Rahman Khan, deputy governor of the BB, Md Abdul Hakim, executive director, and Md Awlad Hossain Chowdhury, general manager, were present.

PHOTO: ONE BANK



Md Abdul Malek, vice-chairman of Mutual Trust Bank, cuts a cake at MTB's Sylhet branch recently to celebrate a customer service week. Syed Mahbubur Rahman, managing director, Md Khalid Mahmood Khan and Rais Uddin Ahmad, deputy managing directors, and Sharmin Ahmed, head of service quality, were present.

PHOTO: MUTUAL TRUST BANK



Md Mahbub UI Alam, chairman of Social Islami Bank Ltd, inaugurates a "Remittance and Deposit Product Campaign-2022" at the bank's head office in Dhaka on Sunday. Zafar Alam, managing director of the bank, Abu Reza Md Yeahia, additional managing director, and Md Shamsul Hoque and Mohammad Forkanullah, deputy managing directors, were present.

PHOTO: SOCIAL ISLAMI BANK



Tourists throng Jaflong, a popular tourist destination in Sylhet. If tourism does not flourish, achieving Sustainable Development Goals by 2030 will be difficult for Bangladesh, experts said at a programme in Dhaka yesterday.

PHOTO: STAR/FILE

Tourism needs proper planning

Experts say

STAR BUSINESS REPORT

Proper planning for the tourism sector's development has become imperative as Sustainable Development Goals (SDGs) cannot be achieved by 2030 if tourism does not flourish in Bangladesh, said speakers at a meeting yesterday.

At least 6 SDGs are directly and the rest indirectly related to tourism, they told the first meeting of the Federation of Bangladesh Chambers of Commerce and Industry's (FBCCI) standing committee on tourism development at the FBCCI office.

Moreover, there 109 sectors directly and 1,100 sub-sectors indirectly linked with the tourism industry. Every tourist creates 10 direct and 35 indirect employment opportunities, they said.



Tour operators at the meeting urged the government to officially announce that the country was open to foreign tourists as it had for businesspeople, which would attract tourists from across the globe.

At the same time, they demanded a resumption of "on-arrival visa" facilities.

During the meeting, businesspeople called for issuing licences to tour operators recognising them as exporters, easing the process of remitting money overseas, bringing tourist destinations under the tourism ministry and ensuring security.

Businesspeople called for issuing licences to tour operators recognising them as exporters

The tourism industry lacks skilled manpower and it could hire experienced managers and other staff from Sri Lanka to deal with the problem, said FBCCI Senior Vice President Mostofa Azad Chowdhury Babu.

VBCCI Vice President MA Momen emphasised on ensuring security at tourist spots and enhancing coordination among public and private efforts.

FBCCI Vice President Md Amin Helaly called for developing the standard of hospitality services by undertaking skills development programmes.

The sector must work on compliance, identify tourism products and country branding and rationalise hotel, motel and resort fares, said FBCCI Director Syed Moazzem Hossain.

At present, the tourism sector accounts for 3.5 per cent to 4 per cent of the GDP. This contribution has to be raised to 10 per cent. Therefore, a coordinated course of action has to be formulated and implemented, speakers added.

Palm oil prices start to cool off

Local wholesale and retail prices fall as Indonesia lifts ban on exports

SUKANTA HALDER and MOHAMMAD SUMAN

Palm oil prices in domestic wholesale and retail markets have started cooling off after Indonesia announced that it would resume exports of the product.

Palm oil imports had become uncertain after Indonesia, a major global supplier of the product, banned exports on April 28.

Yesterday though, loose palm oil was being sold at Tk 165-176 per litre, down 3.67 per cent from Tk 172-182 per litre a week ago, according to data from the Trading Corporation of Bangladesh.

Similarly, super palm oil is now being sold at Tk 178-180 per litre, down 3.24 per cent from Tk 180-190 per litre a week ago, the data showed.

Uncertainty in the palm oil market started to decline after Indonesia announced the reopening of exports of the product. As such, local prices have started to fall at the same time, said Abdur Razzak, a wholesale trader at Khatunganj in Chattogram, the country's largest wholesale hub.

The product is now being sold in local markets at prices that are even lower

than the government fixed rates.

Palm oil was being sold for Tk 6,390 to Tk 6,450 per maund (37 kilogrammes) at Khatunganj yesterday, Razzak said.

But considered how the current prices are lower than government rates, the authorities should adjust the prices or it will not have any effect on either the retail or consumer level, he added.

Abul Hashem, general secretary of the Bangladesh Edible oil Wholesalers Association, said if mill owners maintain the current palm oil supply, then prices will reduce further.

"But if there is a supply crisis for any reason, the price will rise again," he said, adding that the government will also have to keep an eye on whether the import and supply chains are in order.

Tariq Ahmed, director of operations and marketing at TK Group, said palm oil shipments are yet to start as Indonesian customs officials are yet to give any notification to this end.

"As a result, many ships are waiting at their port," he added.

Ahmed went on to say the shipment of vegetable oil will start just after the issuance of a notification in this regard.

However, there is an apprehension of port congestion because of the long queue of vessels waiting to take delivery from Indonesia, said Ahmed.

The palm oil shipments should start coming to Bangladesh in June, he added.

Indonesia allowed the resumption of palm oil exports from Monday after a three-week ban, but industry players said shipments were unlikely to restart until details emerge on how much of the edible oil must be held back for domestic use, Reuters said.

Indonesia, the source of 60 per cent of the world's palm oil, halted exports of crude palm oil and some derivative products on April 28 in an attempt to bring down soaring local prices of cooking oil. The ban rattled global edible oil markets at a time of supply shortages stemming from the war in Ukraine.

Indonesia's trade ministry yesterday issued rules stating that companies must obtain an export permit that would be granted only to those able to meet a so-called Domestic Market Obligation (DMO).

The regulation did not disclose

details of what that DMO would entail, but said permits would be valid for six months and companies must report their shipments realisation monthly.

President Joko Widodo last week announced the ban would be withdrawn and expressed confidence that bulk cooking oil was generally heading towards the target price of 14,000 rupiah (\$0.95) per litre.

By the end of April, traders had opened letters of credit (LC) to import about 90,000 tonnes of palm oil from Indonesia. After the country imposed a ban on palm oil exports, there was uncertainty in the import of this product.

According to the Bangladesh Bank, about 90,000 tonnes of oil import debentures were opened in the four days before the export ban was imposed.

The ban came into effect before the oil could be shipped and as a result, these imports got stuck.

In the first 10 months of the current fiscal year, 90 per cent of Bangladesh's palm oil imports came from Indonesia.

After the country stopped exporting, traders were waiting for the ban to be lifted instead of importing from alternative sources.

Old age allowances grossly inadequate

FROM PAGE B1
Due to the prolonged wait between disbursements, he often has to buy the inhalers on credit or get his sons to pay for them.

"What can you do with Tk 500 these days anyway? It gets finished before it even comes to my hand," said Huda, who requires other medicine as well.

Local doctors have advised him to seek better treatment but doing so is seemingly impossible given his current financial capacity.

"So, I am somehow surviving the agonies of chest congestion with the help of low-cost inhalers. Only death can cure my problems," he told this correspondent.

While agreeing that getting the allowance is still better than nothing, Huda said it must be raised in order to better serve its purpose.

According to officials of the local district social services office, around 96,635 people in the district are getting old age allowances.

Of these individuals, 39,349 are women, including the widowed and destitute, while 45,249 people get allowances for being financially insolvent with disabilities.

Besides, some 183 Hijra and 393 Bede people are also getting government allowances. A number of government institutions are engaged in implementing the state's Tk 107,610 crore social safety net programmes.

These include cash transfer programmes,

namely the old age allowance, allowance for widowed, distressed and destitute women, and allowance for financially insolvent persons with disabilities.

The government has allocated Tk 39,637 crore in the current fiscal year for cash transfer programmes, which also include pensions for retired government employees and their families.

Meanwhile, the state's total budget for old age allowances is Tk 3,444 crore for the ongoing fiscal. The government aimed to provide the money to 57 lakh senior citizens this fiscal year, up 16 per cent from the previous year.

Similarly, the allowance for widowed, distressed and destitute women increased to Tk 1,495 crore while the number of recipients rose 20 per cent to 24.75 lakh this fiscal year.

This correspondent spoke to nearly 17 people who were enjoying various government allowances, especially in Rajshahi, a northern division. Most of them shared similar stories.

Huda went on to say that he has two sons and one daughter that have their own family struggles to deal with.

"They cannot help me all the time," he said.

Still though, his youngest son looks after him by providing three meals a day, clothes to wear and emergency treatment when needed.

Lacking a smartphone of his own, Huda receives his old age allowance through mobile financial services

on his son's device. Huda had withdrawn his allowance just days ahead of the recent Eid-ul-Fitr celebrations and offered to his son to pay for any expenses. However, his son denied the gesture and insisted that he spend it on himself.

"So I bought a shirt, lungi and paid some medical bills," Huda said.

Not everyone is as lucky to have a supportive family though as this correspondent found that few people who receive disability checks are on good terms with their relatives.

A 48-year-old beneficiary, preferring anonymity, said his family only behaves good with him for three days a month, namely the day before, the day of and the day after he receives an allowance for being a financially insolvent person with disabilities.

"They don't take care of me on other days or even let me spend the money. They keep it all in exchange for meals," said the man who is just one of the 18 lakh people getting allowances under the cash transfer programme for financially insolvent disabled persons.

The government has allocated a budget of Tk 1,820 crore for the programme this year. The man used to sell peanuts to earn a living but eventually became confined at home as people constantly humiliated and stole from him due to his disability.

"If disabled were given

enough money so that could live alone, they could have enjoyed the government benefit more," said Sheikh Abu Tarek Mukul, president of the Badhan Protibondhi Shangstha.

Rezia Begum, another resident of Noboganga, said her old age allowance seems like a drop in the ocean.

"I cannot say that the allowance isn't helping me survive, but for an honourable life the amount needs to be increased," she added.

Sayema Haque Bidisha, professor of economics at the University of Dhaka, said the allowance and allocation for each recipient of social protection programmes should be increased.

"The allowance is inadequate to make a positive impact on low-income people considering the current inflation rate," she said at a discussion held by Bangla daily Prothom Alo.

"So, allowances should be inflation adjusted," she added.

The Centre for Policy Dialogue (CPD) recently stressed on the need for increased allocations for social safety net programmes in its recommendations for the budget for fiscal year 2022-23.

"Given the high-level of food price inflation and rise in living costs, the government should increase the allowance, particularly for the elderly, widows and marginalised women," the CPD said.

The independent think-tank proposed that the government raise the allocation to Tk 1,000 per recipient and include 20 lakh more people under its coverage.

"This should increase the coverage of widows, oppressed women and physically handicapped people. The programme should cover eligible beneficiaries of all upazilas," it said.

The civil society organisation also suggested expanding the coverage of social protection schemes to urban areas.

"In the national budget for FY2022-23, the government should raise the allocation targeting slum dwellers, floating people, pregnant women, and similar marginalised groups," the CPD added.

It also recommended introducing social protection for workers and initiatives to implement a universal pension scheme.

FROM PAGE B1
Hossain also called for the lending cap to be withdrawn in order to squeeze the money supply. An increase in the lending rate will also discourage imports.

A huge surge in imports has put the foreign currency reserves under pressure and made the forex market volatile. This has forced the central bank to devalue the taka six times this year.

The ceiling on the

Rouble gains 4pc vs dollar

REUTERS

The Russian rouble firmed around 4 per cent against the dollar and euro on Monday, heading back towards multi-year highs hit last week, supported by capital controls and an upcoming month-end tax period.

By 1050 GMT, the rouble was 4 per cent stronger against the dollar at 57.85, not far from 57.0750, its strongest mark since late March 2018, hit on Friday.

It had gained 4.4 per cent to trade at 60.05 versus the euro, nearing its strongest point since June 2015 of

59.02, also reached on Friday.

The rouble has firmed about 30 per cent against the dollar this year despite a full-scale economic crisis in Russia, making it the world's best-performing currency - albeit artificially supported by controls imposed in late February to shield Russia's financial sector after its decision to send tens of thousands of troops into Ukraine prompted unprecedented Western sanctions.

The rouble is being driven by export-focused companies that are obliged to convert their foreign currency revenue after the sanctions froze nearly half of Russia's gold and forex reserves.

No need to submit papers

FROM PAGE B1
abroad through formal channels.

It hiked the rate to 2.5 per cent from 2 per cent in January this year in the face of falling inflows following the reopening of economies and the lifting of pandemic restrictions.

The government initially imposed rules, one of which was that remitters

would have to submit relevant papers.

In November 2019, it said remitters sending home more than Tk 150,000 worth of foreign currency would have to submit relevant documents within 15 days to the respective bank.

Later it tightened the condition saying those sending home \$5,000 or Tk 5,00,000 and above

as remittance would need to submit relevant documents.

Now recipients of remittance sent by the NRBs and migrant workers will not have to submit any document to avail the incentive for any amount of money. They will get the incentive when receiving remittance, said the Bangladesh Bank official.

"Even if such a move does not bring visible differences, it creates a psychological value in the case of taming inflation. The cut in the policy rate even goes on to discourage banks from extending retail loans even if when there is little demand."

Salehuddin Ahmed, a former governor of the central bank, thinks that the higher inflation is largely not the result of demand; rather, it has been driven by supply constraints.

"So, the central bank should take more time before taking any decision on the policy rate."

Ahmed, however, suggested removing the lending cap.

Md Habibur Rahman, chief economist of the central bank, says the money supply in the market has already tightened.

"So, the central bank has no plans to raise the policy rate at the moment."

Alif Industries to issue bonds worth Tk 300cr

STAR BUSINESS REPORT

Alif Industries has got the approval of the stock market regulator to issue unsecured, floating rate and convertible bonds to raise Tk 300 crore in funds.

The approval came in a meeting of the Bangladesh Securities and Exchange Commission yesterday on the commission premises.

The tenure of the bond is six years.

The bond would be issued for banks, insurance companies, financial institutions, corporates and eligible investors through private placement.

With the bond proceeds, Alif Industries will buy shares of another listed company and repay that company's debts, buy machineries and use the funds as working capital.

The issue price of each bond is Tk 1 lakh.

Bangladesh General Insurance Company and Bengal Investment are its trustee and issue manager respectively.

The bond would be listed at the alternative trading board of the stock exchanges.

Envoy gets nod for Tk 200cr bonds

STAR BUSINESS REPORT

Envoy Textiles, one of the leading listed textile makers, has got the nod from the stock market regulator to issue zero coupon bonds of Tk 200 crore.

The Bangladesh Securities and Exchange Commission approved the bond yesterday in a commission meeting held at its head office.

The discount rate of the non-convertible, fully redeemable, unsecured bond ranges from 6.50 per cent to 8 per cent. It would be issued through private placement.

Issue price of each lot, comprising 10 bonds, is Tk 20 lakh. With the bond proceeds, the textile maker would buy power plant machineries and repay loans.

The minimum subscription for individuals is Tk 20 lakh and for institutional investors is Tk 1 crore.

UCB Investment is the trustee of the bond while NDB Capital the lead arranger. The bond would be listed with the alternative trading board of stock exchanges.



Farmers are seen reaping pre-mature paddy in a bid to save the crop from further flood damage as the recent rains and floods have inundated their fields. The picture was taken yesterday in Fenchuganj upazila of Sylhet.

PHOTO: SHEIKH NASIR

Rains, floods batter Boro cultivation

Farmers expect lower yields as a result

AKANDA MUHAMMAD JAHID

Natural calamities, including the recent flash floods in haor areas caused by heavy rain amid cyclone Ashani, have damaged the production of 78,987 tonnes of boro rise this season, according to the Department of Agricultural Extension (DAE).

As per DAE estimates, farmers have cultivated Boro paddy on 49.63 lakh hectares of land this year.

Of this amount, 19,722 hectares of the crop, which accounts for roughly 55 per cent of the country's annual rice production, has been affected by natural calamities. As such, about 0.4 per cent of the total cultivation has been ruined.

Some 18,176 hectares of the paddy fields were affected by rain and overflowing waterbodies, damaging the production of 72,157 tonnes of rice. Water flowing downstream from hills alone damaged nearly 1,544 hectares of paddy, destroying the production of 6,608 tonnes of rice.

Besides, heavy winds damaged 52 hectares of the crop, from which 222 tonnes of rice were supposed to be produced, DAE data showed.

After excluding the total damage, the agriculture ministry estimates a total production of 21,157,863 tonnes of paddy this season, up from 20,885,263 tonnes last year.

The production of the staple food grain has been affected at a time when people, especially those in lower-income and marginal groups, are struggling to afford the spiralling prices of rice despite it being the peak harvest season.

The spike only adds to the woes of

consumers, including the middle class, who are suffering from higher inflation.

Overall inflation reached a 17-month high in March earlier this year amid rising food prices, including that of edible oil and flour.

Finer quality versions of the grain that are mostly consumed by middle and upper-income groups was being sold at between Tk 1,100 and Tk 1,150 per maund (37 kilogrammes) yesterday, which is 10 per cent higher than what it was three weeks back, according to millers and traders.

Production of the staple food grain has been affected at a time when people, especially those in lower-income groups, are fighting the spiralling prices of rice

As flash floods in haor areas, heavy rainfall and winds have affected the crop, farmers fear that this year's yields will be low.

However, as per DAE estimates, the yield of Boro paddy will be 4.2 tonnes per hectare.

Md Mazaharun Islam, a farmer in Jamalpur, said he cultivated paddy on two acres of land but almost 25 per cent of his crop was damaged by heavy rain.

However, many farmers say the extent of the damage in terms of yield loss is much higher.

"This season, the yield of Boro paddy will be much lower than that of the previous year," said Amzad Hossain, a farmer in

Bogura.

"Due to bad weather, immature paddy had to be harvested and for the same reason, a portion of it was damaged as the crop could not dry up in time," Hossain said, adding that the situation is similar for almost every farmer.

Apart from that, the paddy seedlings to be planted in the next Aus season have also been affected by the hostile weather, according to various farmers.

Mohammad Jahangir Alam, director of the Institute of Agribusiness and Development Studies at Bangladesh Agricultural University, said if the data is correct, then the total loss will be less than 80,000 tonnes.

"This amount is not too much in terms of quantity but considering the current global scenario, especially in the face of Covid-19 and Russia's war on Ukraine, the loss of 80,000 tonnes is significant," Alam said.

"So, the government should take some measures to minimize the losses," he said, adding that the authorities have already taken many measures to this effect.

ABOUT 80PC OF BORO HARVESTED Meanwhile, the harvesting of more than 80 per cent of the Boro paddy grown across the country has already been completed despite the bad weather, showed DAE data.

However, farmers in haor areas have already completed 100 per cent of the reaping on 452,138 hectares of Boro paddy while 93 per cent of the harvesting in non-haor areas on 498,180 hectares of land has already ended as well.

According to the DAE, the rest of the harvesting will be complete by June 15.

Foodpanda looks to tap growth opportunities

Says its Managing Director Zubair Siddiky

MAHMUDUL HASAN

When the coronavirus pandemic hit Bangladesh in 2020, food delivery platform foodpanda accelerated its expansion to establish its footprint across the country as demand rose.

By the second week of December 2020, it had operations in all 64 districts in the country.

Foodpanda started off in many parts even without physically travelling there. Restaurant signups were done through calls and teams were hired remotely.



Not only Foodpanda, but the entire food delivery industry in the country was also turbocharged by the crisis as people had to work, study and find entertainment at home.

And Zubair Siddiky, co-founder and managing director of foodpanda Bangladesh, says the expansion process was just the beginning.

"Although we have come a

long way from there, we are still at an early stage because there are immense growth opportunities," he said in an interview with The Daily Star.

Foodpanda was launched in Bangladesh in early 2014 and was acquired by Berlin-based Delivery Hero in late 2016. Soon, it overtook other food delivery platforms in the country to climb up to the top position.

Foodpanda was launched in Bangladesh in early 2014 and was acquired by Berlin-based Delivery Hero in late 2016. Soon, it overtook other food delivery platforms in the country to climb up to the top position

There were two driving factors: first, it was part of the strategic plans of the company to expand and cover as much of the population as possible, and second, the pandemic has generated the demand for such services.

"The opportunity there was just too large to overlook," Siddiky said.

"The pandemic, of course, made it a bit difficult logistically, but we saw it as an opportunity as customer adoption in the segment was faster during the pandemic."

In order to become the top food delivery platform, foodpanda has invested heavily in the distribution of tablets.

It supplies the tablet, which is used to take orders when it onboard a restaurant as it helps streamline the process.

Of the restaurants and shops that have currently signed up with foodpanda, about 24,000-25,000 are equipped with the devices.

"We don't pass orders manually as we want to avoid inaccuracies and mistakes. When a customer makes an order via a phone call, we need to pass the order to a restaurant. But this creates a scope for making mistakes."

Using the tablets, restaurants can themselves see the order and even take printouts.

"We have completely automated the process," Siddiky said.

Each tablet costs between Tk 10,000 to Tk 15,000. "It is a big expenditure for us," said Siddiky.

He declined to disclose the number of deliveries the platform processes each day, calling the data confidential.

READ MORE ON B2

ECB plans end to negative rates era as inflation soars

AFP, Frankfurt

Negative interest rates will soon be a thing of the past in the eurozone, the ECB's chief signalled Monday, with the bank poised to raise rates for the first time in over a decade to tamp down soaring inflation.

The Frankfurt-based institution was "likely to be in a position to exit negative interest rates by the end of the third quarter", ECB President Christine Lagarde wrote in a blog post.

The clear time frame for rate rises came as the ECB plays catch up with other central banks in responding to surging inflation.

Lagarde had previously argued that sharp leaps in consumer prices, driven in part by the waning effect of Covid-19 pandemic, were likely to subside in a few months.

But Russia's war in Ukraine has thrown a new spanner in the works, worsening already disrupted supply chains and throwing up new shortages in essential material from wheat to metals.

Energy prices were also on the march, as Western economies including Germany -- the eurozone's biggest -- scramble to wean themselves off Russian power.

Consumer prices soared at a rate of 7.5 per cent in the eurozone in April, an all-time high for the currency club and well above the bank's two-per cent target.

The renewed surge has already prompted a sharp response from many central banks.

The US Federal Reserve raised rates by an unusually large 50 basis points at the beginning of May, while the Bank of England sealed its fourth consecutive hike.



A woman buys spinach at a fruit and vegetable market in Berlin. Russia's invasion of Ukraine has further piled on the price pressure, and the European Central Bank now sees inflation reaching 5.1 per cent for the year.

PHOTO: AFP/FILE

READ MORE ON B2

Biden says US recession not inevitable

AFP, Tokyo

A recession in the United States is not inevitable, President Joe Biden said Monday, while acknowledging the economic pain experienced by Americans as inflation soars.

Speaking in Tokyo, Biden replied "no" when asked if a US recession is inevitable.

"This is going to be a haul, this is going to take some time," Biden said.

The US economy has recovered strongly from its Covid-19 era shutdown, but the highest inflation in four decades and persistent problems in getting international supply chains flowing again are driving pessimism -- and Biden's sinking poll numbers.

Biden blamed inflation on fallout from Russia's invasion of Ukraine and other global problems and he defended US economic performance.