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Tk 2,000cr refinance scheme for shipbuilding

STAR BUSINESS REPORT

Bangladesh Bank has formed a Tk 2,000 crore refinance scheme to ensure sustainable development of the shipping industry, increase export earnings and employment and gradually reduce dependence on imports.

The refinance scheme was formed under a Shipbuilding Industry Development Policy 2021, according to a circular of the banking regulator on yesterday.

Under the scheme, a customer can get loans at 4.5 per cent interest. However, the maximum limit of the loan was not mentioned in the circular.

A customer can get term loans for a maximum of 12 years, for which the grace period will be of three years.

Under the scheme, a customer can get loans at 4.5 per cent interest and take term loans for a maximum of 12 years

The deadline for submitting applications for the loan is June 30, 2024, according to the circular.

However, no loan will be given for the construction of dockyards, land purchases or for taking lease and the loan taken from this scheme cannot be used to repay any other loan.

Working capital loans can be availed under the scheme for one year and loans can be renewed if the business is good.

However, the working capital loan cannot be renewed for more than three years, the circular reads.

Bangladesh has more than 100 shipbuilding yards, most of which serve the local market worth more than Tk 3,000 crore. Shipbuilders have long been demanding a refinance scheme for the sector since it is going through a fund crisis as banks usually don't want to extend loans to them.

In 2021, the Association of Export-Oriented Shipbuilding Industry of Bangladesh requested the

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A water vessel is being constructed in Kolagaon of Chattogram's Patiya upazila. The central bank has formed a refinance scheme to ensure sustainable development of the shipbuilding industry, increase export and reduce import dependence. The photo was taken in the first week of this month.

PHOTO: RAJIB RAIHAN

Taka may be weakened further

AKM ZAMIR UDDIN

Bangladesh's national currency may weaken further against the US dollar as the central bank has moved to restore stability in the foreign exchange market.

The new interbank exchange rate, the rate charged on short-term loans made between banks, could see the taka slide by another Tk 2, said the managing director of a private commercial bank.

If it takes place finally, the local currency will trade at Tk 89.80 per USD, up from Tk 87.90 now.

The possibility for another bout of depreciation of the taka raises following a tripartite meeting between the Bangladesh Bank, the Association of Bankers, Bangladesh (ABB), and the Bangladesh Foreign Exchange Dealers' Association (BAFEDA).

At the meeting, the BB asked banks to suggest uniform exchange rates of the taka against the US dollar.

The central bank will make the final decision to this end

after assessing the rates.

BB Governor Fazle Kabir presided over the meeting.

The central bank asked the BAFEDA, a platform of the banks involving in foreign exchange-related business, to fix the interbank exchange

ongoing global crisis. This has forced the central bank to devalue the local currency six times this year.

The price increases in the global market due to Russia's invasion of Ukraine and the dragging coronavirus

collection) rate, the rate at which banks sell dollars to importers, at Tk 88, banks are chiefly ignoring the rate and are instead charging more than Tk 95-97.

Both the ABB, a platform of the managing directors of banks, and the BAFEDA will work together to determine the uniform exchange rate for the exchange houses located abroad, Islam said.

The rate will have to be followed by banks while providing rates to the beneficiaries of remittances.

Many banks now offer as high as Tk 95 per USD to exchange houses to encourage them to send the greenback through their channel. Banks need dollars to settle import bills.

This has led to unethical competition among banks. The rate provided to remitters is supposed to be lower than that of the BC selling rate.

Both ABB and BAFEDA are expected to recommend the rates to the BB by Sunday.

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rate, said BB spokesperson Md Serajul Islam.

"We discussed the new interbank exchange rate after the meeting," said the managing director of the bank.

The meeting came as the country is struggling to bring back discipline in the foreign exchange market, which has become volatile owing to the

pandemic have pushed up Bangladesh's import payments to a record level.

It has created acute pressure on the trade deficit, which went past \$24.90 billion between July and March. Against this backdrop, banks are now facing dollar shortages.

Although the central bank has fixed the BC (bills for

ECONOMIC CRISIS Govt, BB steps well-timed Economists say

MAHMUDUL HASAN

Bangladesh's recent austerity and regulatory measures aimed at curbing non-essential imports, suspending the implementation of projects with high import components and cancelling the foreign tours of officials will send a positive signal to the market and the economy, according to economists.

In order to deal with the challenges stemming from the persisting supply chain disruptions, higher commodity prices, the fallout of the Russia-Ukraine war, and the declining foreign currency reserves, the government and the

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central bank have taken a raft of measures.

On April 11, the central bank instructed banks to impose up to a 75 per cent margin on the opening of letters of credit for non-essential consumer items in a bid to curb the soaring imports, which brought down the level of reserves since exports and remittance receipts could not keep pace with the foreign purchases.

Just a month later, the government cancelled the foreign tours of its officials and pushed back the implementation of less important projects that require imports.

The BB, on Monday, devalued the taka against the US dollar, the sixth time this year, amid the sliding supply of the American greenback.

On the same day, the National Board of Revenue raised the import duty on 135 products and withdrew the VAT on the import of refined soybean, palm, rapeseed, canola and olive oil.

Besides, the central bank has exempted remitters from submitting documents while sending more than \$5,000 back home to qualify for the government incentive.

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| STOCKS | |
|----------|-----------|
| DSEX ▲ | CASPI ▲ |
| 0.81% | 0.65% |
| 6,237.97 | 18,280.77 |

| COMMODITIES | |
|-------------|--------------|
| Gold ▼ | Oil ▲ |
| \$1,844.48 | \$111.12 |
| (per ounce) | (per barrel) |

| ASIAN MARKETS | | | |
|---------------|-----------|-----------|----------|
| MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
| ▲ 0.94% | ▼ 0.27% | ▲ 0.93% | ▲ 0.50% |
| 54,252.53 | 26,604.84 | 3,209.18 | 3,123.11 |

Tax-free income limit likely to be unchanged

SOHEL PARVEZ

The government is likely to keep the tax-free income limit unchanged for fiscal year 2022-23 in order to expand the tax net, said officials of the finance ministry.

Tax rates and slabs may also remain unchanged for the next fiscal year.

This would be the third consecutive year that the tax authority is expected to keep tax-free income limit at Tk 300,000.

This means that an individual whose annual income is up to Tk 300,000 at the end of June this year will be free from paying any income tax. But they will have to file income tax returns as per the rule.

The move is likely to erode disposable income of individual taxpayers in lower income brackets and affect their purchasing capacity due to rising prices of essentials and cost of living. Inflation in Bangladesh hit 6.29 per cent in April, highest in 18 months.

Against the backdrop of rising prices, the Centre for Policy Dialogue (CPD) earlier suggested that tax-free threshold should be revised at least for individual taxpayers in lower income brackets.

In its recommendation for the next fiscal year's budget, it said the tax-free income threshold for personal income should be raised to Tk 350,000 in view of the added pressure of rising food inflation and income erosion caused by the pandemic.

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2022-23
Budget



A worker is seen crafting a propeller for a small motorised boat inside the Firingi Bazar area of Chattogram city. With proposals set in motion to increase gas and electricity prices, small-scale light engineering workshops such as this could find it difficult to survive in an industry that is struggling to recover from two years of losses due to Covid-19. The photo was taken recently.

PHOTO: RAJIB RAIHAN

TK subsidiary to sell 5,000 tonnes of lentils to govt

STAR BUSINESS REPORT

Shabnam Vegetable Oil Industries, a concern of the TK Group of Industries, is set to secure a government contract to sell 5,000 tonnes of lentils at Tk 107.50 per kilogramme.

The Trading Corporation of Bangladesh (TCB) is going to purchase the lentils to make it available for the financially insolvent at a subsidised rate.

The cabinet committee on public purchase approved a proposal to this effect in a meeting yesterday.

The lentils will be sold along with some other essential commodities, including rice and edible oil, at a subsidised rate among the financially insolvent through the use of family cards from June 16.

Govt to purchase LNG, fertiliser at lower rates:

Meanwhile, the government is going to

READ MORE ON B3



Long beans growing on trellises at Rohobol of Bogura's Shibganj upazila, where mainly vegetables are cultivated. From a nearby market in Mahasthangarh, the biggest in the north of Bangladesh, 50 to 60 trucks filled with vegetables leave for markets around the country every day. The photo was taken recently.

PHOTO: MOSTAFA SHABUI

Russia prepares to seize Western firms looking to leave

REUTERS

Russia is advancing a new law allowing it to take control of the local businesses of Western companies that decide to leave in the wake of Moscow's invasion of Ukraine, raising the stakes for multinationals trying to exit.

The law, which could be in place within weeks, will give Russia sweeping powers to intervene where there is a threat to local jobs or industry, making it more difficult for western companies to disentangle themselves quickly unless they are prepared to take a big financial hit.

The law to seize the property of foreign investors follows an exodus of western companies, such as Starbucks, McDonald's and brewer AB InBev, and increases pressure on those still there. It comes as the Russian economy, increasingly cut off due to western sanctions, plunges into recession amid double digit inflation.

Italian lender UniCredit, Austrian bank Raiffeisen, the world's biggest furniture brand, IKEA, fast food chain Burger King, and hundreds of smaller

firms still have businesses in Russia. Any that try to leave face this tougher line.

IKEA, which has paused all operations in Russia, said it was closely following the development. Raiffeisen, said it was assessing all options, including a carefully managed exit. UniCredit declined to comment while Burger King did not immediately respond to a request for comment.

The bill paves the way for Russia to appoint administrators over companies owned by foreigners in "unfriendly" countries, who want to quit Russia as the conflict with Ukraine drags down its economy.

Moscow typically refers to countries as "unfriendly" if they have imposed economic sanctions on Russia, meaning any firms in the European Union or United States are at risk.

The European Commission proposed toughening its own stance on Wednesday to make breaking EU sanctions against Russia a crime, allowing EU governments to confiscate assets of companies and individuals that evade restrictions against Moscow.

Meanwhile, in a move that could push Moscow closer to the brink of default, the Biden administration announced it would not extend a waiver that enabled Russia to pay US bondholders.

The departures of western firms have angered Russian politicians. Former president Dmitry Medvedev, who is now deputy chairman of Russia's Security Council, has been a particularly vocal critic of western companies who left, attacking "enemies who are now trying to limit our development and ruin our lives".

"The government is interested in preserving jobs and tax revenues," said Sergej Suchanov, a lawyer with risk management and compliance consultancy RSP International. "First and foremost, the government will apply the rules to big companies. To avoid an administrator, companies must show they are not leaving their Russian businesses in the lurch."

Ulf Schneider, a consultant working with German companies in Russia and an expert in the region with Germany's mid-sized or 'Mittelstand' industry group BVMW, said he and others are

working on proposals to allow foreign companies to voluntarily hand over control to a trustee of their choice.

That could convince Russia they are being responsible while at the same time distancing themselves. "Sale is an option but the conditions for a sale are not good," Schneider said.

The draft law outlines how Russia could appoint an administrator to firms where at least 25 per cent of the shares are in "unfriendly" foreign hands.

It lays down a wide range of criteria for intervention, such as when a company plays a critical role as a local employer or provides important services. It makes clear that the state can justify taking control on many grounds.

The bill cites the example of companies making medical devices but also lists a host of other sectors, such as transport and energy, as well as any firm whose closure could push up shop prices. The state-appointed administrator would also be allowed to sell the confiscated business, while its former owners would be barred from doing business in Russia.

US deficit to drop to \$1t in 2022

AFP, Washington

The US government deficit will fall dramatically this year to \$1 trillion, down from levels not seen since World War II hit during the pandemic, the Congressional Budget Office said Thursday.

The budget shortfall in the current fiscal year will shrink significantly from the prior year, when it reached nearly \$2.8 trillion due to the massive spending pumped out to keep the US economy afloat amid the Covid-19 downturn, which caused massive layoffs and business closures.

BB, Brac Bank sign deal on refinance facility

STAR BUSINESS DESK

Brac Bank has signed an agreement with Bangladesh Bank (BB) to become a participating financial institution of a "Supporting Post Covid-19 Small Scale Employment Creation Project" funded by Asian Development Bank (ADB).

Nurun Nahar, executive director at the BB and the project director, and Selim RF Hussain, managing director of Brac Bank, signed the agreement at the central bank's head office in Dhaka on Wednesday.

"We believe this refinancing facility will help the small-scale entrepreneurs recover from the pandemic," said Hussain in a press release.

Under the agreement, Brac Bank and other financial institutions will avail refinancing facilities amounting to Tk 1,290 crore from the central bank and provide credit at subsidised interest rates to rural entrepreneurs and businesses owned by women along with returnee migrant workers and unemployed youth.

An entrepreneur can avail up to Tk 50 lakh in loans for five years.

Abu Farah Md Nasser, deputy governor of BB, Md Jaker Hossain, general manager for SME and special programmes department, and Dongdong Zhang, principal financial sector specialist of the ADB, and Syed Abdul Momen, deputy managing director of Brac Bank, were present.

Seven Rings Cement's dealer conference held

STAR BUSINESS DESK

Cement manufacturer Seven Rings Cement recently organised the Dealer Conference 2022 at the Palace Luxury Resort in Habiganj with the slogan 'We are the Future'.

Tahmina Ahmed, additional managing director of the cement company, inaugurated the three-day event, where distributors from the northern and southern parts of the country participated, a press release said.

Tamim Iqbal, captain of the Bangladesh one-day cricket team and brand ambassador of Seven Rings Cement, virtually joined the event.

S Raihan Ahmed, a director of the company, Kausar Alam, group chief financial officer, Nantu Kumar Dey, chief technical officer, and Md Harun Ur Rashid, head of marketing, sales and distribution, were present.



Akkas Uddin Mollah, chairman of Shahjalal Islami Bank Ltd, presides over the bank's 829th executive committee meeting at the lender's corporate head office in Dhaka. Anwer Hossain Khan, Md Sanaullah Shahid, Mohiuddin Ahmed, Khandaker Sakib Ahmed and Md Towhidur Rahman, directors of the bank, Mohammed Yunus, chairman of the board of directors, Abdul Aziz, managing director (current charge), and Md Abul Bashar, company secretary, were present.

PHOTO: SHAHJALAL ISLAMI BANK

Boss is not always right!

FROM PAGE B4

relationship should be "agree to disagree". If you fail to convince your boss about your point of view, then go by the philosophy of 'Agree to Disagree'. It is very important to ensure that you have a space with your boss to share your thought openly.

Globally, research has been carried out to prove that there is a direct relationship between company performance and supervisor effectiveness.

Hence, it is critical for each company to ensure that there is a system of 360-degree assessment of all supervisors or bosses covering both qualitative and quantitative. It will ensure that your boss

always has this axe hanging over his or her head, which will, in turn, determine his growth within the company. So, do not fret if you have been wrongly denied an opportunity or have not been given a voice as part of the team. Wait for the 360-degree appraisal.

This article is more directed toward the company owners or boards as well as the bosses to ensure that they understand the current leadership need and are putting the right systems and processes in place so that bosses create an environment that drives creativity and innovation for the sustainable growth of the business.

It is imperative that a

boss works on building trust and respect on one hand and at the same time, recognise and promote the good work of the team members on the other.

While driving the growth of the business and improving employee engagement based on the above guidelines, please don't make the mistake of applying it at home, where we know who is always the boss!

At home, the rule always remains the same as the saying goes: "The rule no. 1: The boss at home is always right. The rule no. 2: If the boss is wrong, see the rule no. 1."

The author is a telecom and management expert

Customs to auction

FROM PAGE B4

However, 369 luxury vehicles were brought to the Chattogram port between 2008 and 2012 under the facility. By 2013, 249 were released from the port.

Now a majority of the remaining ones are being sold off as neither taxes have been paid against those nor have those been taken back abroad.

Earlier, customs authorities tried holding auctions for these five times but failed to get expected prices due to complexities over the issuance of a clearance permit (CP) by the Ministry of Commerce, a prerequisite for cars over five years old.

Now the CPs for the cars are available and the customs authorities hope to get a good response.

According to the auction tender notice, bidders will

be able to submit related documents at an e-auction link on Bangladesh Customs website or physically in Chattogram, Dhaka and Mongla custom stations between June 12 and 13 this year.

Individual bidders can easily attend the auction submitting their national identity card and TIN certificate while for organisations trade license, VAT registration number and TIN number are required.

"We took several initiatives to ensure transparency in the auction activities and increase general people's participation," Md Al Amin, deputy commissioner of Custom House, Chattogram, told The Daily Star.

"We will organise a learning session and enable physical visits for bidders from June 1," he added.

Stock index rises

FROM PAGE B4

Turnover of the DSE also rose to Tk 539 crore from the previous day's Tk 513 crore.

Imam Button Industries topped the gainers' list, rising 9.93 per cent. Emerald Oil Industries, Apex Tannery, Lub-ref (Bangladesh) and Libra Infusions are on the list.

Pioneer Insurance shed the most, dropping 10 per cent. National Life Insurance Company, Phoenix Insurance Company, Fareast Finance and Investment and Silco Pharmaceuticals are among the other

companies that suffered losses.

Beximco became the stock to be traded the most, with shares worth Tk 60 crore changing hands, followed by IPDC Finance, Fortune Shoes, Bangladesh Shipping Corporation and Bangladesh Finance.

Chittagong Stock Exchange (CSE) also underwent a falling trend. The CASPI, the share price index of the port city bourse, plummeted 118 points, or 0.65 per cent, to 18,280.

Among the 255 stocks to undergo trade, 132 advanced, 88 fell and 35 remained the same.



Md Arfan Ali, president and managing director of Bank Asia Ltd, and Sheikh Rakibul Karim, chief executive officer (current charge) of Guardian Life Insurance Ltd, exchange signed documents of an agreement at Bank Asia's head office in Dhaka over group insurance for the bank's employees.

PHOTO: GUARDIAN LIFE INSURANCE

Bank Asia, Guardian Life sign group life insurance deal

STAR BUSINESS DESK

Guardian Life Insurance and Bank Asia, a role model of agent banking in the country, recently signed a group insurance agreement.

Sheikh Rakibul Karim, chief executive officer (current charge) of Guardian Life Insurance Ltd, and Md Arfan Ali, president and managing director of Bank Asia Ltd, signed the agreement at Bank Asia's head office in

Dhaka, a press release said.

Under this agreement, all the employees of Bank Asia will enjoy health insurance along with life coverage. Mahmud Afsar Ibne Hossain, head of group insurance department at the insurer, Ifakher Ahmed, head of group service, Md Sazzad Hossain, deputy managing director and chief operating officer of the bank, and Esamul Arephin, head of human resources division, were present.



Jashim Uddin, vice-chairman of Dhaka Bank, inaugurated a "Business Review Meeting-2022" for Chattogram region branches at Radisson Blu Chattogram Bay View in the port city recently. Emranul Huq, managing director, Mohammad Abu Jafar, additional managing director, Akhlaqur Rahman, head of corporate banking division, and Sahabub Alam Khan, chief financial officer, attended the event.

PHOTO: DHAKA BANK

Cattle farmers in north

FROM PAGE B4

of the government of the situation in a divisional meeting. "We also held discussions with the deputy commissioner to bring the situation under control," he added.

Contacted, Md Ziaul Haque, the deputy commissioner of Bogura, said they are constantly monitoring market prices by conducting mobile court drives in order to decrease fodder prices.

Waliur Rahman Akand, director of the livestock department in Rangpur, said they have instructed local cattle farmers to feed their animals natural fodder in a bid to cut feeding costs.



Containing inflation will be a big challenge in the coming months as the situation could worsen in the face of rising prices of essential commodities such as food items, according to the Metropolitan Chamber of Commerce and Industry. The picture was taken recently.

PHOTO: PROBR DAS

Manage subsidies in energy sector skilfully

MCCI says containing inflation a big challenge

STAR BUSINESS REPORT

The government should properly manage subsidies in the energy sector as taxpayer-backed spending is set to surge owing to higher commodity prices in the global market, according to the Metropolitan Chamber of Commerce and Industry (MCCI).

"Skillful management of the high subsidies on electricity, gas and fertiliser prices is necessary for Bangladesh," the organisation said while presenting its quarterly review of the economic situation for January-March.

As per the quarterly review, the rate of inflation increased in that period.

However, the chamber predicted that inflation could go up further by the end of May because of a probable rise in the price of some essential commodities.

"Containing inflation will be a big challenge in the coming months," the MCCI said.

The chamber urged the government to stabilise the country's macroeconomic situation by taking

cautionary measures in spending foreign currency in view of limiting imports and the cascading Russia-Ukraine war fallout.

"It is necessary to be careful when opening letters of credit so as to avoid unnecessary imports and save foreign currency as one of the potential thrifty measures," it added.

According to the review, Bangladesh's low labour costs are widely regarded as appealing to foreign investors. However, they hesitate to make fresh investments in the country due to its underdeveloped infrastructure and other impediments.

The government should address the underdeveloped infrastructure, policy consistency and corruption in the country to attract more foreign direct investment (FDI) to the country to ensure its full economic recovery from the coronavirus pandemic.

"FDI inflow to Bangladesh is low compared to that of many countries at similar levels of development," the chamber said.

However, they also predicted that

foreign exchange reserves will likely fall in May 2022 due to payments to the Asian Clearing Union (ACU) against imports.

According to the review, Bangladesh's robust export earnings have facilitated economic recovery in recent times.

The export-oriented garment and leather industries have resumed full-scale operations while the domestic market-oriented steel, food processing and transport sectors are fully up and running as well.

"Inward remittances also increased, which has multiplier effects on other economic sectors," the MCCI said.

The chamber then expressed satisfaction over the progress made in major macroeconomic indicators.

For example, robust export earnings have facilitated the country's economic recovery in recent times.

On the other hand, some of the economic indicators appear to be less promising than projected earlier.

"The fiscal framework continues to be weak in view of poor achievements,

both in terms of revenue mobilisation and public expenditure," it added.

The MCCI went on to say that unemployment and low investment in the country are still big challenges.

The chamber also said the steady outflow of migrant workers in the January-March period of 2022 has raised hopes for a healthy growth in overseas employment, a vital source of Bangladesh's foreign exchange reserves.

According to the Bureau of Manpower Employment and Training, 322,583 workers went to various countries in the first quarter of the year while the number was 146,895 in the corresponding period of 2021, up 119.60 per cent.

"Such a steady growth is expected to continue in coming months and the sector could see record levels of employment by the end of 2022," the MCCI said.

Job opportunities have also been created in developed countries such as Greece and Italy, which would help increase quality migration.

Govt, BB steps

FROM PAGE B1

All of the measures aim at containing inflation, safeguarding the economy, and protecting the poor and low-income groups from the higher cost of living.

"All of the steps are in the right direction. The impact of the measures will be there," Zahid Hussain, an economist, told The Daily Star.

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said: "These steps will send a positive signal to the economy that both the government and the Bangladesh Bank are trying to do something. This is positive."

According to Hussain, some impacts on the demand and supply of foreign exchanges will be visible from next month. But the effect of the austerity measures related to the government expenditure will not be felt soon since they take time to produce results.

And the lasting impact of the measures, he thinks, will depend on their reflection in the budget for the next fiscal year, set to be unveiled on June 9.

"If the measures get highlighted in the budget, there will be some positive results in the next fiscal year."

Rahman does not think that the slapping of the duty on the imported items will bring about a significant positive outcome since they account for a small portion of the total imports.

The former professor of the University of Dhaka advises the BB to keep injecting dollars into the

economy since there are adequate reserves.

"The US dollar supply and the exchange rate should be backed by the central bank. More depreciation will be needed and the central bank should support the rate."

Zahid Hussain thinks that the exchange rate set by the BB at Tk 87.9 has become irrelevant since banks are charging importers more than Tk 95 to settle imports.

"There should not be any exchange rate since, on papers, we have a floating exchange rate regime. Why does the Bangladesh Bank set a rate that confuses the market?"

The government and the BB measures are not without risks.

This is because the rise in the LC margin, the surging exchange rate, and the hike in the regularity duty on the imported products will eventually stoke inflationary pressures since the moves will increase the cost of the goods purchased from external sources.

"Only the austerity measures such as the cancellation of foreign trips and the postponement of the implementation of less important projects will have no negative effect," said Hussain.

The management of subsidies will be a major challenge for the government in the upcoming budget as well, owing to the squeezing fiscal space caused by higher expenses against lower revenue generation.

"If the government plans to increase the price of

electricity, diesel and gas, it should be done in phases and announced in advance, not all of a sudden."

If the government doesn't revise up the energy prices, the subsidy spending will shoot up in the next fiscal year.

So, Hussain urged the government to explore ways to save money from other subsidised sectors so that the subsidy spending in the energy sector can continue and the price adjustment can be minimal.

"Fertilizer prices should not be increased as ensuring food security is the most important task under the current global scenario," added the former lead economist of the World Bank's Dhaka office.

MA Razzaque, research director of the Policy Research Institute, thinks the policy mechanisms introduced by the government have so far been good to tackle the crisis.

"These are what we need at this moment."

However, he says the restricted policy shouldn't be a long-term trade policy.

"Through the policies, the government is giving protection but it comes at a cost. It will make our domestic sector more inefficient. We have already had a restricted policy. Now it is becoming even more restricted."

Razzaque thinks bringing money from abroad by providing incentives without questioning the source of the funds will serve as a disincentive for honest taxpayers.

Tax-free income limit

FROM PAGE B1

The next slab for personal income tax, which is 5 per cent for an additional Tk 100,000, should be increased to Tk 300,000 to provide a cushion for middle-income earners, it added.

To increase tax collection and promote justice, the independent think-tank demanded the reinstatement of 30 per cent tax on the highest income slab from the existing 25 per cent.

The change which was made in the current fiscal year was against the cause of promoting tax justice, the CPD said.

Besides, corporate income tax may also remain unchanged in the next fiscal year except for the companies that do most of their transactions through banks.

The National Board of Revenue (NBR) considers placing a proposal to the

parliament to cut corporate tax by 2.5 percentage points for firms that will do cashless transactions in most cases.

Companies will be able to do cash transaction up to a particular ceiling, said an official of the finance ministry.

This includes listed companies too.

If the measures are passed in parliament, the tax rate for non-listed companies that do cashless transactions will likely be 27.5 per cent in the next fiscal year.

As such, listed firms may be able to pay 20 per cent tax on their incomes instead of 22.5 per cent.

One person companies, which are owned by a single individual, may also get relief as the tax rate may be cut by 2.5 percentage points from 22.5 per cent in the next fiscal year, according to officials.

The injection of the US dollar has left an adverse impact on the reserves, which stood at \$42.29 billion on Wednesday in

Tk 2,000cr refinance

FROM PAGE B1

government form a Tk 6,000 crore refinancing fund.

The sector is yet to overcome the impacts of the global financial crisis of 2007-08 when demand from western buyers evaporated. On the domestic front, local entrepreneurs failed to maintain international standards and deliver vessels on time, denting the confidence of buyers.

Subsequently, ship exports from Bangladesh fell. Exporters fetched only

\$0.2 million in the last fiscal year, the lowest in a decade, according to data from the Export Promotion Bureau.

Export proceeds stood at \$0.18 million in the July-April period of the current fiscal year, slightly up from \$0.16 million during the same period a year ago.

Since 2008, Bangladesh earned around \$180 million by exporting 40 ships to several countries in Europe, Africa, and Asia. However, no sea-going ships were exported in the last two years.



Md Sanaullah Shahid, chairman of Shahjalal Islami Bank Securities, cuts a cake at its head office in Motijheel, Dhaka to celebrate its 11th founding anniversary Wednesday. Mohammed Younus, chairman of Shahjalal Islami Bank, Akkas Uddin Mollah and Khandaker Shakib Ahmed, directors, Abdul Aziz, managing director (current charge), Mian Quamrul Hasan Chowdhury, additional managing director, Md Shahjahan Shiraj, M Akhter Hossain, Nasim Sekander and Md Nazimuddoula, deputy managing directors, were also present.

PHOTO: SHAHJALAL ISLAMI BANK SECURITIES

Taka may be weakened

FROM PAGE B1

Islam said that the central bank would continue to provide liquidity support to the banking sector based on the demand.

The BB has injected a record \$5.83 billion into the economy to cool down the market in the current financial year, ending in June.

The injection of the US dollar has left an adverse impact on the reserves, which stood at \$42.29 billion on Wednesday in

contrast to \$46.15 billion in December. The tripartite meeting also decided that exporters would have to sell their export proceeds to the banks through which they ship goods.

"They will not be allowed to sell the export proceeds through other banks," said Islam. Many exporters sell their export proceeds to the banks that offer the higher rate.

Selim RF Hussain, chairman of the ABB, said that the ongoing pressure

in the foreign exchange market would ease soon as banks have already taken a set of measures.

The ABB will also recommend the rates to be followed while buying USD from exporters and selling it to importers.

The rates for importers could be set at Tk 89.90 per USD. For exporters, it could be Tk 88.90 and Tk 89.70 for the exchange houses, said the managing director, on the condition of anonymity.

TK subsidiary

FROM PAGE B1

import liquefied natural gas (LNG) and fertiliser at prices lower than previous rates.

The cabinet committee also approved a proposal of Petrobangla to import 33.60 lakh million British thermal unit (MMBtu) of LNG from Vitol Asia Pte in Singapore. It will cost \$25.75 per

MMBtu. Zillur Rahman, additional secretary to the cabinet division, told journalists after the purchase committee meeting.

The total cost of the consignment will be Tk 886.76 crore. Earlier, the government bought LNG at \$26.40 per MMBtu, he said. The cabinet committee

also approved a proposal of Bangladesh Chemical Industries Corporation for purchasing 30,000 tonnes of urea fertiliser.

It will cost \$671 per tonne while the price of each tonne of the last consignment was \$876, Rahman said.

The total cost of the fertiliser this time will be Tk 174.62 crore, he said.

S Korean firm to invest \$35m in Bepza EZ

STAR BUSINESS REPORT

South Korean company HKD Bangladesh is going to establish an industry in Bepza Economic Zone to manufacture a range of camping equipment, from tents and sleeping bags to nuts and steel wires.

The company will invest \$35.03 million to set up the facility where 6,650 Bangladeshis will get employment opportunities, said Bangladesh Export Processing Zones Authority (Bepza) in a statement yesterday.

The company will produce 18.8 million pieces of products annually.

The HKD is a company fully owned by foreigners. It started its operation in 1990 in Chattogram Export Processing Zone.

HKD Bangladesh would be the fifth venture of the HKD group with Bepza.

The group has four operational enterprises in Chattogram and Karnaphuli EPZ which have invested about \$100 million for producing tents, camping equipment and readymade garments.

Around 10,000 Bangladeshi nationals are working in those factories, according to the statement.

Ali Reza Mazid, member for investment promotion of Bepza, and Chul Hee Kim, chief operating officer of HKD Bangladesh, signed an agreement to this effect at a programme at the Bepza complex in Dhaka yesterday.

BEPZA Executive Chairman Abul Kalam Mohammad Ziaur Rahman attended the deal signing ceremony.

Mentionable, including HKD Bangladesh, Bepza gave approvals to eight companies in total to set up industries in Bepza Economic Zone.

Shipping Corp's profit nearly triples

STAR BUSINESS REPORT

Earnings of Bangladesh Shipping Corporation (BSC) rose 183 per cent year-on-year in the January-March quarter of the current financial year on the back of a significant increase in fares in the shipping sector internationally.

The state-run organisation reported earnings per share (EPS) of Tk 3.31 for the quarter, which was Tk 1.17 in the same period last year, according to its unaudited financial report.

In a regulatory filing on the Dhaka Stock Exchange yesterday, the company said the EPS had increased significantly during the period compared to last year as shipping fares saw a sharp rise globally.

The EPS was Tk 11.59 in the first nine months of the ongoing financial year ending in June, up 310 per cent from Tk 2.83 a year prior.

The net operating cash flows per share, a measure of a firm's financial health, rose to Tk 17.76 in the nine-month period, against Tk 9.58 during the same period of the previous financial year.

The net asset value, which represents the net value of an entity, was Tk 69.31 per share as on March 31. It was Tk 60.28 as on June 30 last year.

Shares of the corporation closed 5.04 per cent higher at Tk 118.70 on the DSE yesterday.

Customs to auction off 108 cars

MOHAMMAD SUMAN,
Chattogram

Customs authorities are planning to auction off on June 23 a total of 108 cars, including ones of luxury brands BMW, Land Rover, Mitsubishi, Mercedes-Benz and Lexus, brought to the Chattogram port around a decade ago duty-free under a UN convention.

The "UN Customs Convention on the Temporary Importation of Private Road Vehicles of 1954" facilitates a privilege known as Carnet de Passage.

It allows tourists to bring their vehicles to a country without payment of customs duties, provided the vehicles are taken back with the foreign nationals.

Bangladesh was not a signatory, and the National Board of Revenue (NBR) in April 2011 introduced a rule which stipulated that foreign nationals provide security deposits amounting to the duties and taxes of the imported cars.

From 2013, the NBR decided to stop entertaining the facility altogether.

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Stock index rises as investors rush to buy

STAR BUSINESS REPORT

General stock investors in Bangladesh rushed to buy stocks yesterday after the regulator lowered the limit of the circuit breaker to stop the free fall of the index.

The Bangladesh Securities and Exchange Commission (BSEC) reduced the lower limit of the circuit breaker from yesterday so that no stock can fall more than 2 per cent in a day.

The decision gave confidence to retail investors for which the index of the market rose.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), rose 50 points, or 0.81 per cent, to 6,237.

At the DSE, 273 stocks advanced, 61 declined and 40 remained unchanged.

Meanwhile, both the DS30, the blue-chip index, and DSES, the Shariah-based index, advanced by 19 points and 10 points respectively.

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WAR ON INFLATION

Asia targets supply, not consumers

REUTERS

From export bans to price controls, governments in Asia are taking a much more targeted approach than their Western counterparts in curbing global inflationary pressure, a strategy that appears to be working at least for now.

While inflation remains a serious economic challenge in Asia, the measures have in many countries helped shield the public from some of the price rises and meant most central banks in the region have not had to raise interest rates as quickly as they have elsewhere.

The various efforts have also shifted some of the cost burdens away from consumers and small businesses largely to government balance sheets.

"We have not seen any weakening in purchasing power," said Baskoro Santoso, investor relations officer at Indonesian snack maker Mayora Indah.

The company has adjusted prices since the second half of last year but has not seen a material hit to business, especially during the Ramadan festive period, he said.

Indonesia, a country with a history of financial volatility and price swings, last week hiked energy subsidies by \$24 billion to contain energy costs, having only just lifted a controversial export ban on palm oil.

Although many retailers in Southeast Asia's largest economy have still had to pass on price hikes, household demand remains strong and inflation is within the central bank's 2-4 per cent target band.

In South Korea, government caps on electricity bills provide a competitive edge for global manufacturers like Samsung Electronics and Hyundai Motor and help cushion the hit to households' disposable incomes.



Members of the Rangpur Dairy Farmers' Association are seen protesting high cattle feed prices in front of the local livestock office on Wednesday. With feed prices soaring on a daily basis, many fear they will have to give up on cattle farming altogether if the situation continues.

PHOTO: COLLECTED

CATTLE FARMERS IN NORTH grapple with high feed prices

KONGKON KARMAKER, AHMED HUMAYUN KABIR TOPU and MOSTAFA SHABUJ

Farmers and entrepreneurs who rear cattle for meat and milk in the country's northern districts are currently suffering from an abnormal hike in feed prices.

As a result, many of them are being forced to sell a lot of their cattle before the upcoming Eid-ul-Azha, which is typically the peak sales season, in order to minimise losses. Around 500 people from different cattle and dairy farms in Rangpur besieged the local livestock office on Wednesday in protest of high feed prices.

They also demanded Prime Minister Sheikh Hasina's intervention to help save their businesses considering the situation. The protest was organised by the Rangpur Dairy Farmers Association.

Some of the farmers are fighting to keep their businesses afloat without selling cattle in anticipation of better prices ahead of Eid-ul-Adha. However, there are fears that many farmers may abandon the industry altogether if the situation continues.

Farmers say the prices of main cattle feeds such as wheat bran, rice bran, Khail (oil cake), maize, Indian pea and molasses have increased two to three-fold in the past few years.

According to the district livestock officer, there are 24,000 small, medium and large cattle farms in Bogura. Meanwhile, there are more than 2 lakh cattle farmers across eight districts of Rangpur, 12,000 in Sirajganj and 30,000 in Pabna.

Saiful Islam, a small entrepreneur of Parvhabanipur village under Bogura's Sherpur upazila, said he is running out of funds to buy cattle feed as prices are soaring daily.

The price of maize was Tk 17-18 per kilogramme (kg) last year while wheat bran

cost Tk 28-30 per kg, Khail Tk 32 per kg and Indian pea Tk 34-36 per kg.

Now, maize costs Tk 33-34 per kg, wheat bran Tk 60 per kg, Indian pea Tk 55-60 per kg and Khail Tk 50 per kg.

"As such, it is almost impossible to run a cattle farm as even milk prices did not increase the way fodders did," he added.

Md Aliozzoha Zinnu, a cattle farmer of Satbeki village under Bogura's Sonatala upazila, said even salt prices have doubled in the last three or four months.

Farmers say the prices of main cattle feeds such as wheat bran, rice bran, oil cake, maize, Indian pea and molasses have increased two- to three-fold in the past few years

Feed traders claim the rising costs are a result of the Russia-Ukraine war, which has put a stop to maize and wheat exports from the two major producing nations.

"But why are traders increasing the price of salt as well?" Zinnu asked.

In Rangpur, coarse wheat husks are being sold at Tk 55-60 per kg while thin husks are priced at Tk 52-55 per kg, up from Tk 31-32 per kg and Tk 32-33 per kg respectively.

Similarly, 50-kg sacks of soybean now cost Tk 3,150 to Tk 3,200 instead of the Tk 1,600 to Tk 1,650 previously.

Farmers say that if the situation continues, the number of cattle farms in the country would fall drastically and ultimately have an adverse effect on consumers. Latifur Rahman, president of the Rangpur Dairy Farmers Association, said he had 50 milking cows at his farm but their numbers were halved in the last three months as he had to sell them in

order to cut production costs.

SK Nasim Ali, president of the Dinajpur Dairy Farmers Association, said if such a situation continues for long time, then many small-scale farmers would leave the business and unemployment would rise as a result.

Regarding the possibility of raising milk and meat prices in order to offset their current losses, Ali said increasing prices in no solution as the affordability of the targeted consumers should be considered.

In Pabna, each bag Mashkalai Indian pea is selling for between Tk 1,800 to Tk 1,850 while it was Tk 1,400 to Tk 1,450 a month ago.

Md Uzzal Hossain, a dairy feed trader of Baghabari in Sirajganj's Shahzadpur upazila, said dairy feed producers have increased prices in the last few weeks citing a supply crisis.

"We are buying dairy feed from flour factories, dal processing factories and more but they are calming the price of wheat and others have increased in international markets and poor domestic supply is worsening the situation," Hossain said.

While speaking with The Daily Star, Md Habibur Rahman, the owner of a dal manufacturing company in Pabna, said the price of all kinds of dal (Indian pea) has already increased by 30-40 per cent in the last few months as the international market for food grains has gone out of control amid the Russia-Ukraine war.

"As feed prices are soaring, a few unruly traders are trying to manipulate the market to make excessive profits," said Gourango Kumar, the district livestock officer of Sirajganj.

"But our vigilance teams are working to find them," he added.

Asked about the price hike, Md Saiful Islam, the district livestock officer in Bogura, said they have already informed

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Boss is not always right!

MAHTAB UDDIN AHMED

I used to have a positional big boss who was new to the job and hardly had knowledge of the industry or the multinational way of working. Every time, my team put up a proposal to him, he would look at others in the meeting instead of me while knowing all too well where the right level of knowledge was to be found.

Often, he would delay the approval because he would easily get confused with the debate and discussion at the board or meeting. Here, he was in the wrong, both in his lack of knowledge and his attitude. Such traditional bosses often tend to hide behind a facade and focus more on using their authority to prove he or she is the boss.

In our generation of corporate life, the mantra that was imbued in us was, "The rule no. 1: The boss is always right. The rule no. 2: If the boss is wrong, see the rule no.1."

You would find very few who wouldn't know the rules of dealing with the boss. However, my mantra was slightly different although very close to that - "The boss isn't always right, but he is still the boss".

Based on the above real-life example, how can one still say that the boss is always right? And yet this is the most dangerous unwritten rule that we follow in the workplace. It undermines the organisation's mission, work goals and effective employee engagement. This way, we are not only fooling ourselves but also the bosses.

The boss is not always right because a boss, as a human being, can make mistakes - to err is human. It's also true that they have the power of concealing their own mistakes and shortcomings.

On the other hand, ethical leadership dictates that leaders admit their own mistakes, as it's a sign of strength, not weakness.

At home, the rule always remains the same as the saying goes: "The rule no. 1: The boss at home is always right. The rule no. 2: If the boss is wrong, see the rule no. 1."

In the era of Industrial Revolution 4.0, it is critical to innovate and generate creative ideas continuously and thus there is no room for complacency or maintaining the status quo. To create a culture of innovation and creativity, the boss must welcome challenges and feedback and allow people with less positional power to warn you when they think you are about to make a mistake.

The onus of creating such an environment lies with the boss! When the boss starts discussing his own failures and mistakes in front of others, it passes a clear message to the rest as to how the supervisors should behave in that organisation. The sequence of change starts from there. Such behaviour also helps the boss remain relevant to the industry and grow as a leader of an innovative organisation.

McKinsey & Company carried out a survey on the boss factor in 2020. The summary of it is: of the drivers of life satisfaction, 25 per cent is job satisfaction.

Of the 25 per cent, 39 per cent is interpersonal relationships, and of the 39 per cent, 86 per cent is the relationship with management. Excluding the mental health element, it shows how critical job satisfaction is to life satisfaction.

Therefore, it is extremely important to learn how to tell your bosses they are wrong. Each boss is different and you can't apply the same rule everywhere.

The philosophy of the boss-subordinate

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A man looks at a shop at the Ameyoko shopping district in Tokyo on May 20. While inflation remains a serious economic challenge in Asia, the measures taken by some countries have helped shield the public from price shocks.

PHOTO: REUTERS/FILE

Russia cuts rate to rein in rouble

AFP, Moscow

Russia's central bank cut its key interest rate Thursday following an emergency meeting, as authorities seek to rein in the rouble which has surged in value despite the conflict in Ukraine.

The Bank of Russia slashed the rate to 11 per cent from 14 per cent, saying external conditions for the economy remained "challenging, considerably constraining economic activity."

The policy-setting meeting was originally set to take place on June 10 but the central bank surprised the market by announcing Wednesday that an extraordinary meeting would take place the next day.

"Financial stability risks decreased somewhat, enabling a relaxation of some capital control measures," it said in a statement on Thursday.