

Bangladesh has potential for green jobs and business

Deputy environment minister says

STAR BUSINESS DESK

The government is promoting green and inclusive development as a part of its 8th five-year plan and green growth strategy, said Habibun Nahar, deputy minister for the ministry of environment, forest, and climate change in a national seminar.

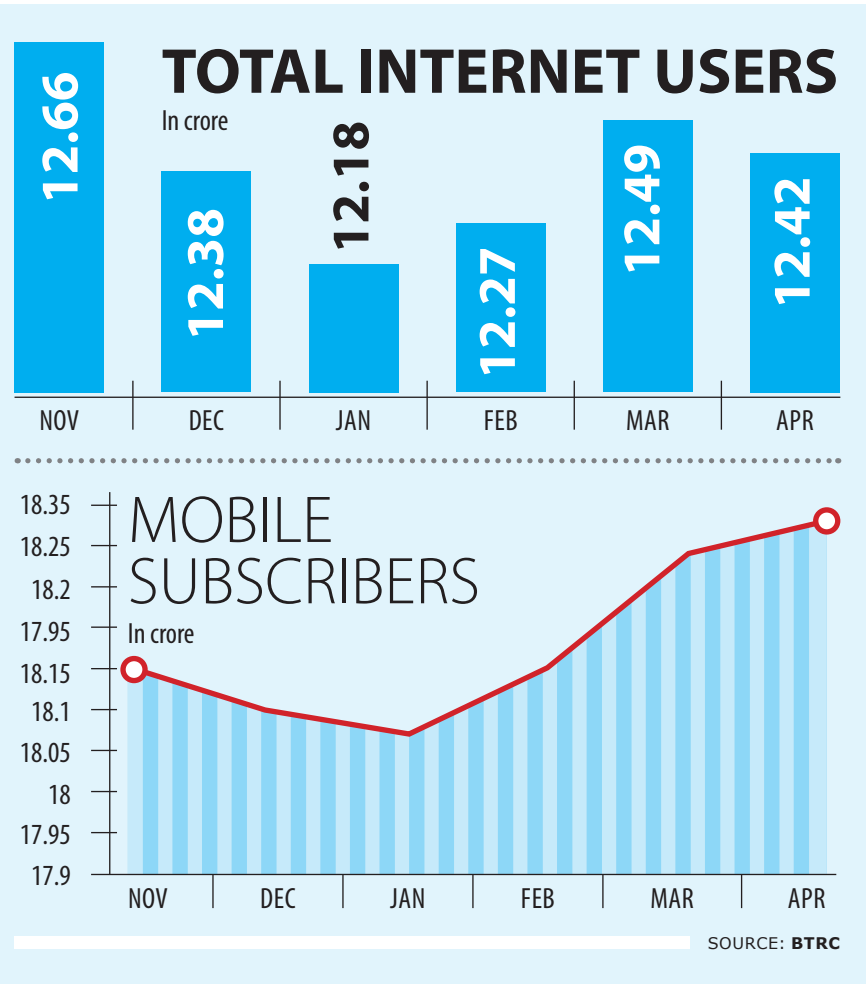
The seminar on 'Prospects and Challenges of Green and Inclusive Business Development in Bangladesh' was jointly organised by Cordaid and Greentech Foundation at Spectra convention centre in Dhaka, said a press release.

"The prospects and potential of green business and green jobs are enormous in Bangladesh. The government has meanwhile taken a slew of measures. Now they are promoting green and inclusive development as part of their 8th Five-year plan and green growth strategy," Nahar said.

The event was supported by the European Union as part of its Sustained Opportunities for Nutrition Governance (SONGO) project, which is working to improve maternal and child nutrition in Kurigram and Gaibandha, two northern districts of the country.

"This event will be helpful to collaborate with donors, other like-minded donor organisations, private sector partners, governments and civil society organisations to collectively work towards inclusive green growth of Bangladesh," said Lenneke Braam, director for Asia cluster at Cordaid.

Charles Whitely, ambassador of the European Union, Abul Kalam Azad, special envoy of the Climate Vulnerable Forum (CVF), and Lenneke Braam, cluster director for Asia cluster at Cordaid, were present.



Mobile subscribers up in April, internet users drop

MAHMUDUL HASAN

The number of mobile network subscribers in Bangladesh rose for three consecutive months to reach an all-time high in April while internet usage slipped that same month.

Local network operators collectively added about 4.6 lakh customers in April from that a month earlier to reach 183.3 crore subscribers.

On a year-on-year basis, the number of mobile subscribers rose by about 5.28 per cent that month, according to recent data from Bangladesh Telecommunication Regulatory Commission (BTRC).

Gramphone, the country's top operator, posted a strong performance in that period while third-placed Banglalink continued its customer acquisition to help boost the number of mobile subscribers.

Gramphone alone added about 3.5 lakh customers to its total in the months leading up to April.

The network providers' total number of subscribers jumped by about 5.59 per cent year-on-year to 8.42 crore in April this year compared to 8.05 crore during the same month in 2021.

Banglalink added 2 lakh customers in December, solidifying its 12-month winning streak in terms of customer acquisition.

Banglalink grew almost 6 per cent year-on-year in April to take its number of customers to 3.82 crore.

Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink, credited the operator's network expansion drive in recent months for their continued customer acquisition.

"We have rolled out over 3,000 network sites to take our overall Base Transceiver Station (BTS) to 13,000, which ensures better data service for our customers," he said.

Rahman went on to say that many Banglalink customers were previously unable to secure proper network connections when travelling during Eid festivals or other occasions.

"But now this problem has been solved thanks to our investment in solidifying the network," he added.

On the other hand, Robi Axiata and Teletalk lost 70,000 and 20,000 customers respectively in April from that a month earlier.

On a year-on-year basis, Robi Axiata, the second-largest operator with more than 5 crore subscribers as of September last year, grew by 4.70 per cent in April to reach 5.40 crore customers.

State-owned Teletalk, which lags behind all private operators by a big margin, added about 11 lakh customers in the past 12 months till April.

Its subscriber base grew by 19 per cent year-on-year in April to 68 lakh.

Telecommunications Minister Mustafa Jabbar attributed the growth to Teletalk's network expansion and infrastructural development through an ongoing project.

"In one year, by the time Teletalk completes its network expansion, the operator's service will improve significantly and number of customers will increase accordingly," Jabbar recently told The Daily Star.

INTERNET USAGE DROPS

The number of internet subscribers dropped by 6.5 lakh in April from that a month earlier as telecom operators lost data customers while the growth of broadband users stalled. As such, the total number of internet users now stands at 12.42 crore.

Of the 6.5 lakh customers lost, all were by telecom operators, leaving the number of mobile internet subscribers at 11.32 crore as of April.

However, mobile internet subscribers grew 7.19 per cent year-on-year in April while the number of broadband users remained the same as it was in March at 1.09 crore.

Broadband internet subscribers grew 12 per cent in April. During pandemic, internet usage surged to new heights as peoples' reliance on the internet soared.

Stocks stretch gaining streak to third day

STAR BUSINESS REPORT

Stocks in Bangladesh continued rising for a third consecutive trading session yesterday despite a last-minute selling spree that prevented a high jump in the market indices.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 19 points, or 0.30 per cent, to close the day at 6,388.

The index was around 60 points higher than its previous total by 1:00pm yesterday but huge selling pressure at the end of the trading session dragged its gains down to 19 points.

As the DSE, 163 stocks advanced, 179 declined and 35 remained unchanged.

Both the DS30, the blue-chip index, and DSES, the shariah-based index, advanced 3 points respectively. Domestic stocks posted modest gains after choppy trading as some investors followed a cautious stance, International Leasing Securities said in its daily market review.

Investors are concerned about Bangladesh Bank's recent decision to increase the repo rate by 25 basis points.

"Increased interest rate can hamper money flow to the capital market," it added.

Among the sectors, bank rose 1.8 per cent, general insurance advanced 1 per cent and mutual fund increased 0.9 per cent.

Investor activity was mostly concentrated on pharmaceuticals (15.5 per cent), miscellaneous (13.2 per cent), and financial institution (12.1 per cent).

Turnover of the DSE also rose to Tk 836 crore from the previous day's Tk 833 crore.

Western Marine Shipyard topped the gainers' list, rising 9.57 per cent, while South Bangla Agriculture & Commerce Bank, Tamijuddin Textile Mills, Karnaphuli Insurance and Ratanpur Steel Re-rolling Mills followed suit.

Sonali Paper & Board Mills shed the most, dropping 2 per cent, while BD Lamps, Prime Insurance, Bangladesh Shipping Corporation, and JMI Hospital were among companies included in the loser tally.

Toyota misses target for global production

REUTERS, Tokyo

Japan's Toyota Motor Corp on Monday said it missed its global production target for April as covid-19 outbreaks and a parts shortage slowed its post-pandemic recovery.

The world's largest automaker by sales produced 692,259 vehicles last month, a 9.1 per cent drop from the same month last year, and falling short of an earlier plan of making about 750,000 vehicles worldwide.

The numbers raise questions over the severity of the pandemic-hit supply chains and how the disruption will affect production in the coming months.

Financial market liberalisation

FROM PAGE B1

"There are many reasons for the imperfection. A lack of good governance is one of them."

It is expected that when market players don't play by the book, regulators will step in.

Sometimes, people have a lack of awareness and major players or vested quarters use the market to their advantage and it is mostly seen in the capital market.

This prompted the BSEC to impose a floor price on all stocks in March 2020 to stop the index from falling after the coronavirus pandemic hit the country. It even kept the exchanges shut for two months, a usual move and also almost unprecedented.

The BSEC removed the floor price amid huge criticism from big investors and analysts.

For many years, the commission has maintained a circuit breaker to prevent shares from advancing or declining by 10 per cent on a single day.

It lowered the circuit breaker limit to 2 per cent on March 8 this year to stop the freefall of the key index. This means a stock can't slip more than 2 per cent on a day.

A month later, it was raised to 5 per cent. But the circuit breaker was brought down to 2 per cent last week to skirt a massive fall as uncertainties owing to the raging Russian-Ukraine war, the dragging coronavirus pandemic, supply chain disruptions

and higher price pressures have kept weighing on investors' minds.

In April 2020, the BB fixed the maximum deposit rate at 6 per cent and the lending rate at 9 per cent.

In August last year, it asked lenders not to set the deposit rates on fixed-term deposits at below the inflation rate, as higher consumer prices have turned the actual return on such savings negative.

According to Raihan, a professor of economics at the University of Dhaka, banks are charging higher interest rates on new borrowers to compensate for the higher non-performing loans (NPLs) in the banking sector.

Bankers are realising higher fees for many other services, so ultimately the real cost of funds has remained double-digit for entrepreneurs.

"So, dictating the interest rate is not the solution. The government should solve the real problem. Otherwise, the government will keep intervening but people will not benefit from the moves. If NPL is reduced, the interest rate may lower automatically," said Raihan.

There are only a few countries where a free-market economy exists in a pure sense.

"But most countries rarely intervene in the markets, whereas our regulators step in frequently and without any empirical analysis," said Raihan.

Sometimes, regulators

take steps under pressure.

"In Bangladesh, the government intervenes in a reactive manner. But it should be proactive and there should have proper reasons and objectives," said Prof Raihan.

Zahid Hussain says when the interest rate rises, the government moves to cut it without addressing the main problem which is the higher NPLs.

"In Bangladesh, the government intervenes in a reactive manner. But it should be proactive and there should have proper reasons and objectives," said an economist

The intervention takes place in the markets in many countries, including Bangladesh, but it should not continue for long, said Monzur Hossain, research director of the Bangladesh Institute of Development Studies.

"The government steps in because a market imperfection prevails and there is also a lack of competitiveness," he said, adding that a lack of governance and strong institutions also leads to market imperfection.

Due to the imperfection, the market does not function smoothly, so the government should focus on liberalisation, Monzur

added.

BUT CONTROL DOES NOT WORK ALL THE TIME

The government is desperately trying to control the exchange rate of the taka against the US dollar through the fixation of an interbank exchange rate amid fast-depleting foreign currency reserves, driven by higher imports against moderate exports and lower remittance flows.

But the demand has dwarfed the supply, sending the exchange rate to a record level. As a result, the BB is struggling to ensure discipline in the money market.

The local currency trades at Tk 97 to a dollar in the case of importers. It is more than Tk 100 for travellers, whereas the interbank exchange rate is Tk 87.90 a dollar.

The situation has compelled the central bank to raise its key interest rate for the first time in a decade on Sunday.

THEN WHY KEEP REGULATING

There is a question of why such intervention takes place and whether it is for the ignorance of regulators or aims at serving the interest of vested groups.

"I believe a lack of knowledge can't be the reason," said Zahid Hussain.

"Fuel and power prices are also set by the government. The government takes the decision on an ad hoc basis and is not following any formula."

Case for lifting

FROM PAGE B1

borrow at a higher rate from the BB and lend to clients at 9 per cent.

Mashrur Arefin, managing director of City Bank, says Bangladesh has increased the policy rate like in most other countries.

"This is now the highest repo rate in recent years. It indicates that the call money rate will go up soon. The liquidity condition is already under pressure. If the lending rate cap isn't lifted, I hope the central bank will bring some flexibility."

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, also urged the central bank to reconsider the lending cap.

Md Habibur Rahman, chief economist of the central bank, said: "We are not thinking about the lending rate cap at the moment. We are now observing the market."

"We will take measures to this effect if required."

Convert export

FROM PAGE B1

Many exporters sell their export proceeds to banks that offer the higher rate. Yesterday's instruction will put an end to the practice.

This has created a scenario of indiscipline in the foreign exchange market.

Many banks have recently offered Tk 95 to Tk 97 per dollar to exporters. Against the backdrop, they have opted for the lenders that have offered a higher price.

The move will bring stability in the market, said a BB official.



Md Nurul Afser, deputy managing director of Electro Mart Ltd, recently inaugurated the company's new sales and display centre in Rajshahi city. Mohammed Sazed Un Newaz, director, Mahmudun Nabi Chowdhury, general manager (sales and marketing), and Md Julhak Hossain, senior manager for retail sales, were present.

PHOTO: ELECTRO MART

FOREIGN EUROBOND PAYMENTS Russia eyes gas-for-roubles template

REUTERS

Russia is considering settling pressing Eurobond obligations by applying the mechanism being used to process payments for its gas in roubles, the Kremlin and the finance minister said, as Moscow edges towards a default triggered by Western sanctions.

US authorities pushed Russia closer to a historic debt default on Wednesday by not extending a licence allowing it to pay bondholders, as Washington ramps up pressure following the military intervention in Ukraine.

Foreign Eurobond holders are awaiting two coupon payments in dollars and euros due last week but with a 30-day grace period.

Russia says it has cash and is willing to pay, refusing to acknowledge talk of a possible default.

Finance Minister Anton Siluanov said on Monday that Moscow will continue to service its external debts in roubles.

But for foreign Eurobond holders to receive payments in foreign currencies as per Russia's obligations, they would have to open rouble and forex accounts at a Russian bank, he told Vedomosti newspaper.

"As happens with paying for gas in roubles: we are credited with foreign currency, here it is exchanged for roubles on behalf of (the gas buyer), and this is how the payment takes place," he said.

"The Eurobond settlement mechanism will operate in the same manner, only in the other direction." This system would allow Russia to bypass the Western payment infrastructure via Russia's National Settlement Depository (NSD), Siluanov told Vedomosti.

Unlike many Russian financial institutions, the NSD is not under western sanctions. There will be no limit on rouble conversion into forex and the scheme will be reviewed by the government soon, he said.