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Star BUSINESS

FBCCI seeks relaxed loan classification until Dec

STAR BUSINESS REPORT

The country's apex trade body yesterday urged the Bangladesh Bank to take steps so that existing borrowers are not classified as defaulters until December this year.

"Businesses are still going through difficult times due to Russia's invasion of Ukraine and the ongoing instability in the global market," said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

He came up with the remark at a press briefing after a meeting with BB Governor Fazle Kabir at the central bank headquarters in the capital.

"Businesses are still going through difficult times due to Russia's invasion of Ukraine and the ongoing instability in the global market," FBCCI President Md Jashim Uddin said

"We have requested the Bangladesh Bank to revisit the existing loan classification policy so that businesses don't fault on loan payments," said Jashim.

The FBCCI requested the BB to provide a long-term fund to a bank in the form of a refinancing scheme in order to allow it to lend to businesses since borrowing for a short-term period does not help borrowers.

Jashim also urged the central bank to raise the size of the export development fund to $10 billion from $7.5 billion now.

"This is because the price of raw materials has gone up globally and many buyers are making deferred payments."

Two workers are preparing rawhides at the Savar Tannery Industrial Estate located on the outskirts of the capital yesterday. The zone has been set up with a view to processing animal skins in an eco-friendly manner such that factories can obtain the Leather Working Group certification, which is needed to ship products to the developed markets. PHOTO: PALASH KHAN

LACK OF COMPLIANCE proves costly for leather sector

STAR BUSINESS REPORT

A lack of compliance is preventing the leather sector in Bangladesh from tapping its potential and expanding its footprint in the international market despite the availability of raw materials locally.

As a result, exporters are getting 30 per cent to 40 per cent lower prices for their products in the global market compared to competitors. The fair price can't be ensured in the local markets as well.

Leather, leather products and leather footwear exports climbed 32.97 per cent to $1.01 billion in the first 10 months of the current fiscal year, surpassing the whole amount raked in the previous financial year, data from the Export Promotion Bureau showed.

But both the government and researchers believe that the export earnings could go up to $12 billion by 2030.

"The leather sector is not doing well due to non-compliance," said M Abu Eusuf, a professor at the development studies department in the University of Dhaka.

"So, Bangladesh is getting around 30 to 40 per cent lower prices for export-oriented products."

"The problems in the leather sector have already been identified. Now, strong initiatives are needed to address them."

Syed Nasim Manzur, president of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh, said the global supply chain of leather goods has almost broken due to the Covid-19 pandemic and the ongoing Russia-Ukraine war.

And there is a scope to raise the country's share in the global leather and footwear market, but it is not being possible due to non-compliance, he said.

They spoke at a webinar titled "An Assessment of the Impact of Covid-19 on Tanneries", jointly organised by The Asia Foundation, the Research and Policy Integration for Development (RAPID), and the Economic Reporters' Forum (ERF).

The assessment is based on a worker survey involving 120 labourers and an employer survey involving 20 tanneries located at the Savar Tannery Industrial Estate.

During the interviews, tannery owners said they are working hard to get the certification from the Leather Working Group, the global body for compliance and environmental certification in the leather and leather goods sector.

"The standard of the CETP has not reached the level required for the LWG certification. Further modification and modernisation will be required," Prof Eusuf told The Daily Star.

Now, in the absence of the accreditation, local exporters have to export leather at rates about 40 per cent lower than the going rates in the international markets to China, which accounts for about 60 per cent of the tanned leather produced in Bangladesh.

Similarly, finished goods exporters have to import rawhides from LWG-certified factories in other countries to ship products to the developed markets.

Manzur, also the managing director of Apex Footwear, said since independence, the export of rawhides has declined by 79 per cent while the export of finished leather has gone up by 80 per cent.

"This indicates that local entrepreneurs are not being able to use locally available rawhides mostly because of the non-implementation of policies."

Industries Secretary Zakia Sultana said Bangladesh could

READ MORE ON B3

Exchange-traded funds to hit DSE in three months

STAR BUSINESS REPORT

Bangladesh is set to get its first exchange-traded funds (ETFs) in three months which would give a new product to investors and contribute to stabilising the stock market.

An ETF is a type of pooled investment from investors that operates much like a mutual fund.

The difference is that it is used to invest in certain stocks that are included in an index, or certain sectors or other assets.

Mutual funds, on the other hand, can be used to invest in any stock and fixed-income asset.

The ETFs can be purchased or sold on a stock exchange the same way as is a regular stock.

Asset managers manage the funds and provide dividends to investors while trustees ensure that all rules and regulations are complied with and that the interests of the unit-holders are protected.

Yesterday, the Dhaka Stock Exchange (DSE) announced that it was going to allow asset managers to launch the ETFs, which would invest in certain indexes, primarily the DS-30, the blue-chip index.

Recently, LankaBangla Asset Management Company, Shanta Asset Management and Green Delta Dragon Asset Management have submitted proposals and applications expressing interest to be sponsors of an ETF.

Based on their proposals, the DSE held consultations with the Bangladesh Securities and Exchange Commission (BSEC), and the regulator gave its consent in principle to introduce the ETFs in the capital market.

"The DSE is working so that at least one or two ETFs can be introduced within three months," said Tarique Amin Bhuiyan, managing director of the DSE, during a media briefing at the auditorium of the premier exchange of the country.

READ MORE ON B3

STOCKS

DSEX ▲	CASPI ▼
0.06%	0.18%
6,392.85	18,667.50

COMMODITIES

Gold ▲	Oil ▲
$1,852.79	$119.06
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.64%	▼ 0.33%	▼ 0.2%	▲ 1.19%
55,566.41	27,279.80	3,232.49	3,186.43

TAX COLLECTION

Uphill task ahead for NBR

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has been left with a target of collecting Tk 102,244 crore in the last two months of the ongoing fiscal year as it logged 69 per cent of its overall target until April.

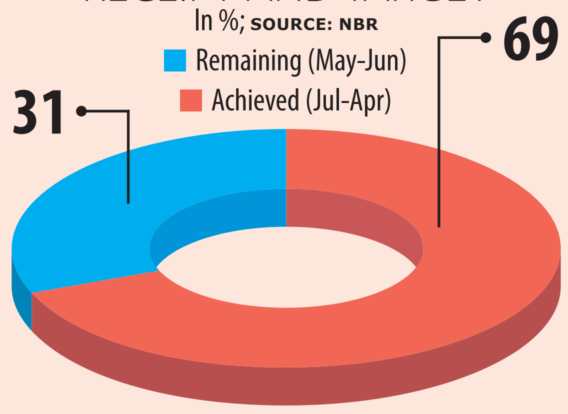
Tax collection stood at Tk 227,756 crore until April against the target of Tk 330,000 crore given by the government at the beginning of the current fiscal year, according to data released by the NBR yesterday.

However, NBR officials and an analyst said the remaining target is unlikely to be achieved this year with the current growth rate.

READ MORE ON B3

RECEIPT AND TARGET

In %; SOURCE: NBR



Fresh vegetables and fruits are brought for sale by farmers of nearby villages at Atharomail Bazar in Khulna every morning, drawing thousands of customers from around the district for their cheap prices. The photo was taken recently. PHOTO: HABIBUR RAHMAN

Container vessels must sail out within 48 hours

CPA move irks shipping agents

DWAIPAYAN BARUA, Ctg

Chattogram Port Authority (CPA) has aggravated shipping agents, directing that container vessels irrespective of carrying capacities from today must sail out from the port jetties within 48 hours on completing unloading and loading of containers.

No vessel arriving with less than 1,500 TEUs (twenty-foot equivalent units) of import-laden containers will be allowed berthing at the port jetties, the CPA said yesterday.

Currently geared vessels, meaning those having on-board cranes, are allowed 72 hours for completing the job while gearless ones up to 48 hours.

The CPA decisions are "not feasible", said Bangladesh Shipping Agents Association (BSAA) leaders while deciding to

READ MORE ON B3

Brothers Shibnath and Kamlesh have been in the profession of sharpening tools for three generations. Nowadays they charge Tk 30 for each tool, be it a scissor or a butcher's knife. On a good day they can earn up to Tk 1,500. The photo was taken from Khulna city last week. PHOTO: HABIBUR RAHMAN

Russians feel little economic pain now but outlook darkens

REUTERS, *London*

For Oleg Kechin, owner of a chain of barbershops, forecasts that Russia will be plunged into its deepest economic crisis in a generation feel overdone.

US President Joe Biden may have promised that Western sanctions would wreak economic havoc in Russia, but Kechin's business is still drawing in customers in the town of Saransk, which lies 510 km (320 miles) southeast of Moscow.

"There's no deep crisis. In general, everything's fine," he said. "Everyone's talking about a decrease in purchasing power, but I haven't noticed it." Yet, such confidence may not be entirely well placed, if some indicators are to be believed. Trade with the outside world has plunged, consumers are reluctant to spend and rising prices on basic items are starting to squeeze household budgets.

Russian officials insist the economy is holding up. The central bank slashed interest rates by three percentage points to 11 per cent on Thursday and expects to cut its forecast for inflation for this year from the current prediction of 18-23 per cent.

Under capital controls and orders that exporters sell half their hard currency earnings, the rouble has rallied and, at about 66 to the US dollar, is stronger than before Russia sent its armed forces into Ukraine on February 24.

ANALYSIS

President Vladimir Putin, who has welcomed the departure of foreign firms which have sold up or just dumped Russian assets, said Russia could not be isolated from global trade.

But not everyone is convinced the economy will escape unscathed. Roman, a 25-year-old in Moscow, who asked not to be identified by his full name, said middle class life was not "drastically different" than before but he saw worrying signs.

"One thing that bothers me ... is constant price rises for everyday goods and even vegetables. I think that signals the worst is yet to come." he said. "The situation with the labour market in my sphere doesn't make me very optimistic either."

Some indicators justify his concerns. VAT receipts, which reflect consumer spending, fell 54 per cent in April year on year, the Kommersant daily said, citing preliminary finance ministry data.

Economy Minister Maxim Reshetnikov said on Friday there was a "demand crisis" in business and consumer spending.

Russia has stopped publishing most data on financial flows, but figures compiled by the Bank of Finland based on local customs data show imports have plunged - and not just from the West.

Chinese exports to Russia were down by a quarter in April and shipments from Vietnam, South Korea, Malaysia and Taiwan more than halved, the bank said.

The economy minister said manufacturers were re-establishing supply chains broken by sanctions and said 2,000 "backbone companies" could access preferential lending programmes.

But inflation is still at its highest in two decades at more than 17 per cent. That means a 10 per cent hike in pensions and the minimum wage announced by Putin still leaves many facing a cut in household incomes in real terms.

Rising prices may not be Russia's biggest problem. The strong rouble has already brought down weekly inflation sharply, but it won't fend off a broader threat to economic output from Russia's increasing isolation.

Reshetnikov said there were "fears that we could break into a deflationary spiral, when a reduction in money in the economy leads to a reduction in production, lower prices, and so on." Meanwhile, financing a military campaign in Ukraine will put pressure on the budget. Finance Minister Anton Siluanov said on Friday that Moscow required "huge financial resources" for what Moscow calls its "special military operation".

Rahman reelected Pubali Bank chair

STAR BUSINESS DESK

Pubali Bank reelected Monzurur Rahman as its chairman of the board of directors unanimously at the bank's 1338th board meeting.

The re-appointee, Rahman is the chairman of Rema Tea Company Ltd, a press release said.

He has a long 53 years of experience in banking, insurance and tea business.

He was an independent director of Lafarge Holcim Bangladesh Ltd and an elected member of the executive committee of the Bangladesh Association of Publicly Listed Companies.

Rahman completed his graduation from Calcutta University.

FUEL SHORTAGE

Sri Lanka port switches to pedal power

AFP, *Colombo*

Cash-strapped Sri Lanka's main seaport unveiled a free bicycle service on Tuesday, allowing workers to navigate the facility without petrol-powered vehicles, as the island nation struggles with unprecedented fuel shortages.

The island nation is experiencing its worst financial meltdown since independence, leaving authorities struggling to pay for adequate supplies of vital imports.

Motorists around the South Asian country are forced to spend hours or even days waiting for rationed fuel at gas stations.

The bicycle initiative was aimed at conserving petrol in the Colombo deep-sea container port, Sri Lanka Ports Authority chairman Prasantha Jayamanna said.

"We have built a cycle track along a disused railway line for those who come to the port to use cycles instead of other vehicles," he told reporters.

The port in Sri Lanka's capital sits on 469 hectares (1,160 acres) of land, with its longest road stretching four kilometres (2.5 miles) through the facility. Shipping lines operating through the port -- located in the Indian Ocean, along the world's busiest east-west maritime trade route -- donated 100 bikes to kick off the initiative, Jayamanna said.

Despite Tuesday's announcement, Jayamanna said the port was "insulated from the economic troubles" plaguing Sri Lanka, and was offering petrol from its own reserves to dock workers who were struggling to source fuel elsewhere.

"We are carrying out our work as usual as we have our buffer stocks of fuel," he added.

Sri Lanka's economic crisis was sparked by a crunch on foreign currency reserves that also left importers unable to source food, fuel and other goods. Rampant inflation, frequent blackouts and long queues for essentials have made life a misery for the island's 22 million people.

Talk of the town: falling forex

FROM PAGE B4

of import payments in a post pandemic world was predictable but the war on Ukraine is toying with all predictions.

What could the government have done to combat the crises? Well, in short term perspective it has acted exactly in the way it should have - cap the fancy tours, pamper the remitters and create entry barriers for non-essential goods.

Also, multi-agency efforts to scale up export and attract FDI has been set in motion. Presumably the government's medium-term actions are coming up in budget proposals. One such programme is to bring back illicit money that crossed borders, make it legitimate through taxation and raise reserves. The scheme was launched in FY 2020-21 with a flat rate of tax but failed to produce any fruitful results. Perhaps the legislation will make another attempt in an upgraded version. On top of it, here we add a point to ponder for medium and long-term action, to reign in further flight of capital.

The Bombshell GFI Report

That money moves fraudulently through over invoicing of export and under invoicing of import worldwide is public knowledge. We are no exception to that. But there was no general agreement on how much money indeed cross borders this way till the Global Financial Integrity, a Washington based think tank, in 2008 first published its groundbreaking report on illicit flow of money. Today, after 14 years of coming into being, the GFI report is read and respected all over the world.

In their recent release, the GFI has estimated for us that a total of \$49.65 billion has been overstated through falsified invoicing in 6 years between 2009 and 2018. The average for these reported years is \$8.27 billion, multiply it with 10 to cover all 10 years, again multiply it with a flat rate of Tk 85. The total stands at an astounding Tk 7 lakh crore!

These numbers are not based on perception, rather they are extracted from concrete reports. As a member nation we report our trade numbers annually to United Nations. The GFI matched these numbers with the destination country data in case of export and country of origin in case of import, summed up the differential and reached at this robust size.

We must be convinced that the GFI does not produce a perception index. It plays with real life numbers and that too in highly acclaimed ways. If we are serious about the declining trend of the forex reserve, we should take the illicit financial flow seriously. If we do, then the adoption of valuation determination modalities for both inbound and outbound products cannot be any big challenge.

The Admirable Indian Story

In 1990 the Reserve Bank of India had a reserve that could cover only 4.8 weeks of Indian import. In 2004 it reached the \$100 billion mark for the first time. Today, with \$600 billion (\$597.51 on May 20) in the exchequer it can comfortably cover 18 months of import.

India has also climbed to the 4th position in the global table of reserves only after China, Japan and Switzerland.

How did they do it?

Perhaps we can dig a bit deeper into their fiscal and monetary policies and gain some takeways.

The author is a member of the Pacific Council on International Policy and a former commercial counselor at the Los Angeles Consulate. He can be reached at amamoon42@gmail.com. The views expressed in this article are personal.

Litchi growers, traders eye better profit

FROM PAGE B4

Ziaur Rahman, a litchi grower of Mashimpur village under Dinajpur sadar upazila, said production of Bedana litchis dropped largely this year due to the bad climate.

"The season will not be as profitable as farmers expected but still, it is a boon for traders," he added.

Rezaul Islam, a litchi farmer of Biral upazila, said production would drop by 30 per cent this year due to fluctuating temperatures, untimely fog and sporadic rains during the flowering season. Anwarul Islam, the owner of a litchi orchard in Madhabbati village of Biral upazila, said he usually gets around 10,000 pieces of the fruit from each of his 57 plants.

This year though, yields have seemingly fallen by up to 30 per cent, he added.

Khaledur Rahman, additional deputy director of the Dinajpur DAE, said around 4,000 small and large litchi orchards covering 5,000 hectares of land in the district produce at least 30,000 tonnes of the fruit each year.

"However, the adverse weather conditions expectedly had some effect on production," he added.

Local litchi traders expect business of around Tk 500 crore to Tk 550 crore this year.

A large number of people, most from poorer communities in the region, also earn hefty sums during the litchi season by crafting bamboo baskets used to ship the fruit.

Trader Shafiqul Islam said he sells around 1,000 to 1,200 pieces of these baskets every day at the litchi market at a cost of between Tk 70 and Tk 400 depending on size.

Almost 95 per cent of the orchard owners lease out their plants to traders.

For example, owner Rafiqul Islam Babu leased out his 100-tree orchard on an acre of land in Moheshpur village of Biral upazila to Md Azizul Islam for two years at a cost of Tk 10 lakh.

Islam said maintaining an orchard has become much costlier for people like him in recent years. He needs to spray pesticides about 18 to 20 times a year with each round costing him Tk 5,000.

There are other maintenance costs as well, including that of fertilisers and irrigation.

The harvesting process has also become more costlier as labourers now charge Tk 200 for plucking 1,000 litchis.

"Alongside the lease cost, there are around Tk 3 lakh worth of additional expenses," he added.

DSE turnover

FROM PAGE B4

Textiles and City General Insurance Company were also in the list.

Provati Insurance Company shed the most, dropping 5.84 per cent. VFS Thread Dyeing, Golden Harvest Agro Industries, Bangas and Bangladesh Shipping Corporation were in the list of those suffering losses the most.

Beximco became the stock to be traded the most, with shares worth Tk 51 crore changing hands, followed by Orion Pharm, Fu Wang Food, GSP Finance Company (Bangladesh), and Beximco Pharmaceuticals.

Chittagong Stock Exchange (CSE), however, dropped yesterday. The CASPI, the index of the port city bourse, fell 35 points, or 0.18 per cent, to 18,667.

Among the 279 stocks to undergo trade, 86 advanced, 162 fell and 31 remained the same.

Monzurur Rahman, chairman of Pubali Bank, presided over the bank's 39th annual general meeting at the lender's head office in Motijheel, Dhaka yesterday. The shareholders approved 12.50 per cent cash dividend for the year that ended on December 31, 2021. Moniruddin Ahmed, Habibur Rahman, Ahmed Shafi Choudhury, Fahim Ahmed Faruk Chowdhury, Rumana Sharif, M Kabiruzzaman Yaqub, Musa Ahmed, Azizur Rahman, Md Abdur Razzak Mondal, Rana Laila Hafiz and Mustafa Ahmed, directors, Shahdeen Malik and Mohammad Naushad Ali Chowdhury, independent directors, were present. PHOTO: PUBALI BANK

Mohammed Monirul Moula, managing director of Islami Bank Bangladesh, addresses a farewell reception for the retired executives of the bank at Islami Bank Tower on Monday. Muhammad Qaisar Ali and Md Omar Faruk Khan, additional managing directors, Md Mostafizur Rahman Siddiquee, deputy managing director, and Md Maksudur Rahman, head of development wing, attended the programme. PHOTO: ISLAMI BANK BANGLADESH

Eurozone inflation soars

FROM PAGE B4

worsening already disrupted supply chains and throwing up new shortages in essential material from wheat to metals.

This remained that case in May with energy prices spiking by a hair-raising 39.2 per cent from a year earlier. Food prices went up by 7.5 per cent.

Western economies including Germany -- the eurozone's biggest -- are scrambling to wean themselves off Russian energy, which will also have its effects on inflation.

The EU on Monday agreed to ban two-thirds of its oil dependency by the end of the year -- and German and Polish pledges to voluntarily forgo pipeline deliveries could push the cut to 90 per cent -- which could put still more upward pressure on prices.

RECOVERY OF E-COMMERCE INDUSTRY

Purchases thru cards cross Tk 900cr in March

STAR BUSINESS REPORT

E-commerce purchases through cards bounced back in March as the total transaction value crossed Tk 900 crore for the first time since July last year, when a number of scams were unearthed in the sector.

Customers spent Tk 908 crore through cards on products and services availed from e-commerce sites in March, up by about 18 per cent from the month before and 6.31 per cent year-on-year, according to data from Bangladesh Bank.

Industry insiders said pre-ramadan sales, especially groceries, contributed to the growth in March.

Orders of Daraz, the top e-commerce platform in Bangladesh, grew by more than 40 per cent year-on-year that month.

"We witnessed growth in our fashion and grocery sales in March," Tajdin Hassan, chief marketing officer of Daraz, told The Daily Star.

Campaigns on women-centric goods -- fashion items and beauty products -- early in March and grocery items later the same month contributed to Daraz's growth in the period, according to Hassan.

Waseem Alim, chief executive officer of the biggest online grocery platform Chaldal, said the e-commerce sector is slowly recovering from the downturn triggered by the scams uncovered last year.

Syed Mohammad Kamal, country director of Mastercard, said customers started spending more in March as they were in a buying mood after the Covid-19 situation improved.

Industry people say that considering the better performance in March, the e-commerce sector would have grown at a much faster rate if the scams that plundered thousands of crores taka did not take place.

E-commerce purchases through cards hit an all-time high of Tk 1,277 in June last year and the figure was Tk 1,183 core a month earlier.

At the time, controversial e-commerce platforms in Bangladesh were deluged with orders under Ponzi-like schemes that lured unsuspecting customers on the back of hefty discounts.

A comprehensive assessment by Bangladesh Bank found that twenty-five e-commerce platforms in Bangladesh, including Evaly, E-orange, Qcoom, Dhamaka, Aladinerprodip, Sirajganj Shop, Alesha Mart and Dalal Plus, received Tk 6,050 from March to June last year from clients through payment gateways and banks.

However, many customers did not receive their desired products despite making payments in advance. This dealt a huge blow to the e-commerce sector, which was growing at breakneck speed before the anomalies surfaced.

In July last year, customers spent Tk 740 crore on products and services through cards, which was the lowest in the preceding five months and 42 per cent less than its value in June last year, when it was Tk 1,277 crore.

From July to October in 2021, e-commerce transactions through cards remained below the Tk 800-crore mark as customers lost their faith on e-commerce platforms.

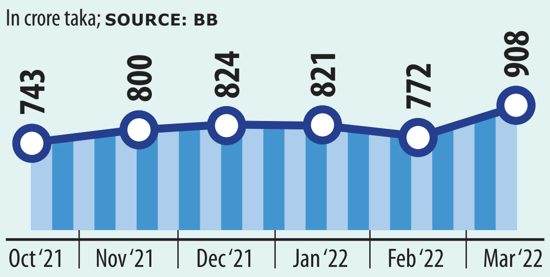
Alim of Chaldal said new customer acquisition has been slow ever since the Ponzi-like schemes of certain e-commerce companies emerged last year.

The local e-commerce industry had been growing over the last decade and the growth accelerated after rising Covid-19 infections forced people to stay at home and place orders online.

The sector has been scrambling to regain momentum ever since a Bangladesh Bank report last year on Evaly found that the e-commerce platform had a huge mismatch in its assets and liabilities.

E-COMMERCE TRANSACTIONS BY CARDS

In crore taka; SOURCE: BB



AT A GLANCE

E-commerce transaction rebounded in March

Pre-Ramadan grocery sales contributed to the growth

Customers acquisition still low for image crisis due to scams

Over 25 e-commerce sites were involved in scams

They took thousands of crores of taka in advance payments

Many customers haven't yet got their money back

Square Pharma gets nod for production in Kenyan factory

AHSAN HABIB

Square Pharmaceuticals Kenya EPZ Ltd, a subsidiary of Square Pharmaceuticals, has recently received a go-ahead to start commercial manufacturing in its Kenyan factory.

The company will manufacture and sell generic pharmaceutical medicine in Kenya and East African Community (EAC).

Square Pharmaceuticals Kenya got the certificate of good manufacturing practice and commercial manufacturing licence on May 26 from the Pharmacy & Poison Board of Kenya, the drug regulatory authority of the east African country.

"It is a big achievement for Bangladesh as Square Pharma is going to manufacture drugs in a foreign country," Muhammad Zahangir Alam, chief financial officer of the company, told The Daily Star.

"The news will create a positive image for Bangladesh in the global arena."

The project's construction began in 2019 and the civil construction work was done by September 2021. The trial operation started in December 2021

Thanks to the approval, there is no problem in starting commercial production now, he said.

Some time is needed to start marketing of any drug in a brand-new factory, Alam said.

Once the marketing starts in full swing, the east African region would be covered from this factory, he said.

"The beginning of commercial manufacturing of our drugs in a foreign land is a matter of pride for us."

The project's construction began in 2019 and the civil construction work was done by September 2021.

The trial operation started in December 2021, according to the company's annual report for 2020-21 fiscal year.

Kenya's geographical position and membership in the EAC gives it a unique opportunity to facilitate easy access to the market of around 15 crore people in the EAC.

Any production in Kenya is considered local manufacturing in the EAC, which includes Kenya, Tanzania, Uganda, Rwanda, and Burundi.

Despite being a highly disease-prone zone, the pharmaceutical market is largely dependent on imports.

Nearly 80 per cent of the total market demand is met by importing pharmaceutical products.

The Kenyan project is financed by a 40:60 debt to equity ratio.

As a part of the investment, a total amount of $12 million has been remitted by Square Pharmaceuticals to Square Pharmaceuticals Kenya EPZ Ltd.

Yesterday, the share price of Square Pharma rose 0.14 per cent to Tk 216 at the Dhaka Stock Exchange.

Lack of compliance

FROM PAGE B1

earn $10 billion to $12 billion per year from the leather and leather goods sector if it is nurtured and monitored properly.

She said there are many challenges in the sector. The major one is solid waste management, according to a press release from the webinar organisers.

"Companies from the EU, Italy, and India are coming to us, but we are not getting suitable offers from them," she said, adding that ensuring a fair price of leather is a challenge and marginal businessmen don't get the desired price.

Speaking about the CETP, the secretary said the previous ETP and the current ETP are not the same as chemicals of 109 nozzles have already been ensured. However, it has not been possible to clear one module, she said.

"The compliance of the ETP is now good compared to the past," she said, adding that the government plans to set up a CETP in Rajshahi.

According to the RAPID assessment, the previous tannery plots at Hazaribagh must be released by the Rajdhani Unnayan Kartripakkha (Rajuk) as soon as possible.

The plots have been marked as the "red zone" by the Rajuk since 2017. As a result, tanneries can't sell them.

But they are required to pay Tk 800 crore in interest every year on their previous loans amounting to Tk 8,000 crore. If the Rajuk releases the plots, the tannery owners will be able to sell them and repay their loans, said the RAPID.

Responding, Sultana said the industries ministry is in talks with the Rajuk to bring Hazaribagh out of the red zone.

The assessment called on the Department of Environment to issue environmental clearance certificates to tanneries based on their performance as soon as possible since securing the accreditation is one of the primary requirements for getting the LWG certification.

Prof Eusuf proposed forming a Leather Development Authority under the Prime Minister's Office to ensure the management and development of the sector.

Exchange-traded funds

FROM PAGE B1

"The DSE wants to prepare the market now. We are going to raise awareness among people so that they can realise what the product is and thereby invest."

Whenever the stock exchange officials talk with foreign investors and ask them to invest in Bangladesh's stock market, the foreigners ask whether there were an ETF or other products apart from equities, he said.

"The ETF is one of the best products to stabilise the market, so we have focused on it," said Bhuiyan.

The size of an ETF would be a minimum of Tk 50 crore, of which 10 per cent will be funded by sponsors and 2 per cent by the asset management company. The rest can be raised from the public.

With the investment into an ETF, investors will basically invest in an index and it is more transparent than mutual funds as the asset manager cannot buy stocks or any product other than the fixed index.

If needed, the DSE will launch ETFs in the pharmaceutical sector or other sectors, Bhuiyan said.

DSE Chief Operating Officer M Shaifur Rahman Mazumdar said the premier bourse has taken the initiative to establish an alternative trading board (ATB) where open-ended mutual funds, debt securities and non-listed equities would be traded.

"Now, we have all the technologies to trade the products, except for mutual funds, so we are bringing the technologies," he said, adding that the DSE has already signed a memorandum of understanding in this regard with the Bombay Stock Exchange.

The ATB will be ready for trading all the products within next September, he said.

Md Ziaul Karim, chief technology officer of the DSE, was also present at the event.

Uphill task ahead

FROM PAGE B1

The tax collector posted 23 per cent year-on-year growth to hit Tk 23,730 crore in April riding on buoyant growth of income tax receipts and increased value-added tax (VAT).

Yet, it registered 15 per cent year-on-year growth in revenue collection during the July-April period of fiscal year 2021-22.

To attain the remining target, it will have to post 45 per cent growth in collection in the last two months of the fiscal year.

"We are going to see a huge shortfall from the target despite the fact that the overall tax target has remained the same for the last two years," said Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh.

He said the NBR could collect Tk 60,000 crore at best in the May-June months.

Tax collection usually remains higher in the last quarter of a fiscal year because the implementation of Annual Development Programme (ADP) gathers pace during this time.

Referring to the overall collection growth in the current fiscal year, Mansur, a former economist at the International Monetary Fund, said overall collection should have grown higher amid surging imports.

Imports grew 44 per cent in the first nine months of the current fiscal year, according to Bangladesh Bank data.

The revenue authority logged 19.5 per cent year-on-year growth to Tk 73,060 crore in customs duty collection during the July-April period.

Apart from customs duty collection, the NBR could post 10.5 per cent year-on-year growth to Tk 84,916 crore in the July-April period, reflecting an increase over March.

In April this fiscal year, VAT receipts shot up 16 per cent year-on-year.

Income tax collection rose 57 per cent at the same time while overall collection grew 16 per cent in the first 10 months of the fiscal year.

Taxmen collected Tk 69,110 crore during the period, according to the data.

An official of the NBR seeking to remain unnamed said overall collection might be around Tk 300,000 crore by the end of this fiscal year.

Mansur however was sceptical in this regard.

Citing the collection growth trend of 13 per cent for the last nine years, he said the NBR might not be able to achieve the goal even if the current year's target is given in the next fiscal year.

"It will not be an easy target," he said, adding that economic growth would slow down because of monetary tightening, exchange rate shock and possible increase in prices of petroleum and fertiliser to reduce pressure on the state coffer to bear subsidy bills for the two items.

The NBR is likely to get a Tk 370,000 crore tax target for the next fiscal year of 2022-23.

Md Sazzad Hossain, deputy managing director and chief operating officer of Bank Asia, poses for photographs with the participating agents of the bank's Rangpur Division in Bank Asia Agent Conference-2022 held at RDRS Guest House in Rangpur recently.

PHOTO: BANK ASIA

Container vessels

FROM PAGE B1

sit with the port chairman this morning to discuss the issue.

The CPA terminal officials gave the directives to shipping agents verbally at a berthing meeting in the morning.

The shipping agents protested and sought to boycott the meeting but was dissuaded by the BSAA leaders.

Contacted, CPA Secretary Md Omar Faruk said he was not aware about any such decision.

He said it may be a proposal from the CPA officials to the shipping agents.

Sources said the CPA was taking the decision to reduce vessel congestion ahead of upcoming Eid-ul-Azha.

Officials of different shipping agents said if such decisions were imposed, most vessels would be forced to leave behind export-laden containers and face huge losses.

A shipping agent official said it was possible for gearless vessels arriving with 900 TEUs to 1,000 TEUs of import-laden containers to leave within the said time.

But even if a gearless vessel comes with over 1,500 TEUs of import-laden containers, it will be difficult for it to complete unloading and loading containers within that time, he said.

And for geared vessels, it was too difficult since those need much time in discharging the import-laden containers due to a current scarcity of space inside the port yards, he said.

As of yesterday morning, 37,259 TEUs of goods-laden containers were lying at the port occupying over 92 per cent of the designated space for such containers.

The scarcity of space is hampering smooth and timely discharge of import-laden containers from the vessels, said the shipping agents.

Contacted, BSAA Chairman Syed Md Arif said the decision of limiting stay times at jetties to 48 hours was not feasible at all.

If the vessels are forced to leave within the said time, most will have to leave without taking the expected number of export-laden containers and eventually they will face a lot of financial losses, he said.

The CPA should not take such a decision all of a sudden without discussing the issue with stakeholders and without giving time to adapt to the shift, he said.

Regarding the size-based berthing restriction, Arif said vessels usually arrive loaded with containers and if a vessel has to carry over 1,500 TEUs, its draft would be more than 10 metres.

The port cannot accommodate such levels of draft in its jetties, he said.

He said they would convey the challenges to the CPA chairman in today's meeting.

DSE turnover drops for new circuit breaker

STAR BUSINESS REPORT

Turnover at Dhaka Stock Exchange (DSE) dropped 23 per cent yesterday as several stocks failed to attract buyers with the circuit breaker's lower limit fixed at 2 per cent.

The turnover plunged to Tk 637 crore from the previous day's Tk 836 crore.

Meanwhile, the DSEX, the benchmark index of the DSE, rose 19 points, or 0.06 per cent, to 6,392.

Market analysts said there were no buyers for many stocks as apprehensions prevailed over further decline, resulting in the fall of the turnover.

The lower limit of the circuit breaker being recently fixed at 2 per cent induced this fear, they added.

There were no buyers for many stocks as apprehensions prevailed over further decline, resulting in the fall of the turnover

The Bangladesh Securities and Exchange Commission (BSEC) set the lower limit of the circuit breaker at 2 per cent last week, meaning no stock would be allowed to drop more than 2 per cent in a day.

Stocks inched up amid cautious trading and investors are very concerned over an adverse situation in the market due to the deterioration of the exchange rate and rising interest rate, said International Leasing Securities in its daily market review.

Some of the investors preferred booking profits generated in a surge over the past three days, it said.

Among the sectors, that of general insurance soared 3.9 per cent and banking rose 0.3 per cent.

As per the turnover, investors' activities were mostly concentrated on pharmaceuticals and chemicals (19.4 per cent), miscellaneous (11.6 per cent) and textile (9.7 per cent) sectors.

At the DSE, 137 stocks advanced, 195 declined and 43 remained unchanged.

Sonar Bangla Insurance topped the gainers' list, rising 9.93 per cent. Rahima Food Corporation, Islami Insurance Bangladesh, Sonargaon

READ MORE ON B2

Mounds of litchis are pictured at a wholesale market in Gor-e-Shahid Moydan of Dinajpur town. Traders and growers in the district are expecting good profits this year after sustaining losses for the past two seasons due to the implications of Covid-19.

PHOTO: KONGKON KARMAKER

Litchi growers, traders eye better profit this time

KONGKON KARMAKER

Litchi growers and traders in northern districts such as Dinajpur are expecting good profits this season following two years of pandemic-induced losses as they are getting better prices for their produce with the market having gained momentum over the past two weeks.

However, traders and farmers say production was largely hampered by bad climate conditions early this season.

"We suffered massive losses in the two last seasons for a lack of wholesale buyers amid the non-availability of transportation for the lockdown during the Covid-19 pandemic in 2020 and 2021," said Razeur Rahman Biplob, a litchi trader at Gor-e-Shahid Moydan, the largest litchi market in Dinajpur town.

Litchi, one of the most popular seasonal fruits in the country, started arriving in the markets a couple of weeks ago and although the supply was initially inadequate considering the demand, it saw a sharp increase in last couple of days, traders said.

Every year, a litchi market is set up in the Kalitola area under Dinajpur municipality. But ever since the outbreak of Covid-19 in 2020, the market has been relocated to the Gor-e-Shahid Moydan.

The market, considered the largest litchi market in the country, has been set up there this year as well but the fruit is traditionally sold all over the district, they added.

Litchi growers bring their produce to the market every morning as buyers from across the country come daily to purchase the fruit for their respective districts.

This market lasts for one-and-a-half months depending on supply of the seasonal fruit.

During a visit to the market last Tuesday, this correspondent found that two varieties of litchi -- Bombay and Madrazi -- are dominating sales with massive supply.

On the other hand, the supply of other varieties, including Bedana, China-3, Kathali and Hariya, were comparatively thin considering previous seasons.

Traders said the current prices of the Madrazi and Bombay varieties are affordable but Bedana litchis are being sold at Tk 1,200 per 100-piece bundle while the same amount cost Tk 800 just a few days ago.

The price of Bedana litchis, which are highly demanded for their unique taste, is unusually high this year as supply has decreased, they added.

Meanwhile, Madrazi and Bombay litchis are being sold for between Tk 250 and Tk 350 per 100-piece bundle while the same amount cost Tk 170 to Tk 250 last year.

China-3 litchis, another popular variety, is being sold at Tk 1,400 to Tk 1,600 per 100-piece bundle depending on the size and taste of the fruit.

Other varieties, including China-1, China-2 and Kathali, are currently available in the markets for Tk 500 to Tk 550 for each 100-piece bunch.

According to the Department of Agricultural Extension (DAE), litchi is grown in almost all districts. However, due to favourable climate and soil conditions, northern districts like Dinajpur, Rajshahi, Pabna, Rangpur, Thakurgaon and Panchagarh alongside other regions in the southern belt like Jessore, Kushtia and Satkhira are the main producers.

Officials of the Rangpur DAE say they expect a production of around 48,000 tonnes of litchi from 9,196 hectares of land across eight districts in the Dinajpur and Rangpur regions.

Of the total land cultivated, Dinajpur alone accounts for about 5,500 hectares.

Litchis are more or less produced in all 13 upazilas of the district, where around 45,00 tonnes of the fruit were produced last season and 42,500 tonnes the year before.

According to information available on the web portal for Dinajpur, 39 per cent of the litchis produced are the Bombay variety, 30 per cent are Madrazi, 5 per cent are Bedana, 25 per cent are China variations and 1 per cent are other varieties.

Litchi trees start blooming at the end of February and the time between flowering and budding is very important as yields are dependent on the care given in this duration.

READ MORE ON B2

Talk of the town: falling forex reserve

AL MAMOON

In the wake of a foreign currency crisis in the country three recent steps of the government that drew wide appreciation are the travel restrictions for government officials (Finance Division, May 12), lifting of source declaration requirement for over Tk 5 lakh remittance (Bangladesh Bank, May 23) and imposition of additional duty on 68 various importable items (National Board of Revenue, May 24). While we fashionably go against the government on every possible issue on social media, these three rather attracted profuse praise with the first one, cessation of foreign tours, causing hysteria.

Whether or not our government admits that there is a predicament looming large was a talked-about issue in the mainstream media till the point these circulars were issued. With these actions, combined with the Bangladesh Bank guidelines on US dollar price adjustments, the volatile market is expected to be steady soon. We will have Eid-ul-Azha on July 10. Around $3 billion of inward remittance is expected to land between now and then. It would be worth remembering that we experienced a jump in remittance flow after the initiation of a 2.5 per cent incentive in August of 2019. The May 23 circular has further eased the process and the impact awaits the truncated gap between official and unofficial exchange rates.

At 50 years, Bangladesh has entered an era of high growth, low inflation, rising income levels and falling poverty rate. Our forex reserve has also gone up and up in recent past. At the closure of FY2018-19 it was less than $30 billion. A year after, in June 2020, it was $36 billion which turned to $46 billion in June 2021 and $42 billion last week. The mass outcry for forex reserve, something we have never seen, lies here. It has gone $4 billion lower than that last year and $6 billion than that of August 2021. Based on this frail frame, an easy, out of context comparison with the fate of Sri Lanka got instant popularity resulting in people panicking. The panic is a big contributor to the crisis generated in April. But it is bound to go in June.

If we are serious about the declining trend of the forex reserve, we should take the illicit financial flow seriously. If we do, then the adoption of valuation determination modalities for both inbound and outbound products cannot be any big challenge

How the tale of Sri Lanka is gravely dissimilar to ours is vividly discussed in this newspaper by in-house reporters and guest columnists. Hence, we will spare the details of the castaway Hambantota port, the catastrophic organic farming, the careless tax cuts, the Covid stricken tourism industry, and the conundrum of debt servicing. Better, we try and find a solid explanation for the fall from $48 billion, a peak we could never put our feet on before or after August 2021.

Our import cost has seen a formidable 46 per cent rise in recent months. Russia's war on Ukraine, the never-seen-ever shipping costs since mid-2021, the surging energy prices, the pent-up demand of commodities and services, all have their fair share in inflating import payments. That there would be more than the usual volume

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Eurozone inflation soars to new record

AFP, *Brussels*

Eurozone inflation accelerated to another record high in May, data showed Tuesday, as the war in Ukraine stoked energy and food prices and threatened to flatline the economy.

The EU's Eurostat data agency said that the increase in consumer prices in the 19 countries that use the euro reached 8.1 per cent compared to the year before, up from 7.4 per cent in April.

The uninterrupted rise in prices heaped pressure on the European Central Bank to speed up interest rate rises for the first time in over a decade.

The ECB has said it plans to hike interest rates in July in order to cool the pressure on prices and is expected to officially end its bond-buying stimulus policies as early as next week.

By raising rates, the ECB would be playing catch-up with other major central banks that have already made moves to tame inflation that has spread globally.

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.

The chief economist of the European Central Bank, Philip Lane, indicated on Monday that interest rates in the eurozone will rise more cautiously, going up by 0.25 per cent in July and again in September.

This would lift the ECB's bank deposit rate out of negative territory, meaning lenders would no longer pay to park their excess cash at the central bank.

The ECB had previously argued that sharp leaps in consumer prices, driven also by the waning effect of Covid-19 pandemic, were likely to let up, downplaying the inflationary threat.

Russia's war in Ukraine disrupted that view,

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A general view of a fruit and vegetable stand at a weekly market in Berlin, where a shopper is seen measuring fruits.

PHOTO: REUTERS/FILE

China offers stimulus for virus-hit economy

REUTERS, *Beijing*

China's cabinet announced a package of 33 measures covering fiscal, financial, investment and industrial policies on Tuesday to revive its pandemic-ravaged economy, adding it will inspect how provincial governments implement them.

The stimulus package, which was flagged by China's State Council in a routine meeting last week, underscores Beijing's shift toward growth, after Covid-19 control measures pounded the economy and threaten Beijing's 5.5 per cent growth target for the year.

To revive investment and consumption, the government ordered localities not to expand curbs on auto purchases and said those which already have curbs in place should gradually increase their quotas on car ownership.