

# Star BUSINESS

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**B1G1** Buffet Bonanza  
SCAN FOR DETAILS

## OPPORTUNITY COST OF NPLs

Total default loans: TK 103,274cr

(As of Dec 31, 2021)

### What can Bangladesh do with Tk 103,274cr?

Build <b>3</b> road bridges like Padma Multipurpose Bridge (Assuming cost is Tk <b>30,193cr</b> )	Build <b>2</b> railway bridges like Padma Bridge Rail Link (Assuming cost is Tk <b>39,247cr</b> )	Build <b>2</b> powerplants like Matarbari 2x600 MW Ultra-Super Critical Coal-Fired Power Project (Assuming cost is Tk <b>35,984cr</b> )	Build <b>4</b> metro rails like Dhaka Mass Rapid Transit Development Project (Assuming cost is Tk <b>23,490cr</b> )	Build <b>5</b> railway lines like Single Line Dual Gauge Track from Dohazari-Ramu-Cox's Bazar and from Ramu to Ghundum (Assuming cost is Tk <b>18,034cr</b> )
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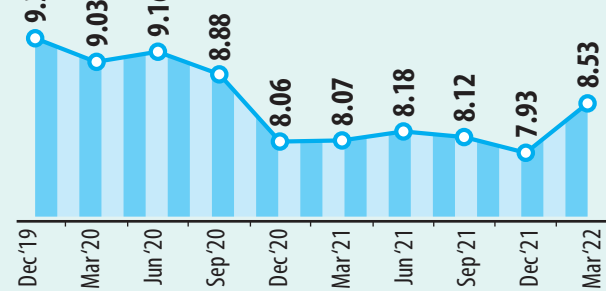
SOURCE: CPD REPORT ON STATE OF BANGLADESH ECONOMY IN FY22

### WHY DEFAULT LOANS ROSE

- Absence of moratorium on loans
- Rise in willful defaulters
- Crisis still faced by small businesses
- Deterioration of BB monitoring
- Feeble business recovery from pandemic
- Business slowdown in global market

### DEFAULT LOANS OVER THE QUARTERS

In % of total loans; SOURCE: BB



## Leading decent life becoming expensive: CPD

STAR BUSINESS REPORT

The surging inflation in Bangladesh has sent living costs to such an extent that many families are grappling to maintain a decent life with limited budgets, said the Centre for Policy Dialogue (CPD) yesterday.

A four-member family requires at least Tk 29,206 to live in Dhaka even if they compromise on their diets. The amount is far below the minimum wages of labourers working in the industrial sector, it said.

In order to cope with the higher cost of living, the low-income families are forced to trim their lists, said the think-tank at a media briefing at its office on the state of Bangladesh's economy in

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the fiscal year of 2021-22. "Apart from the higher price of basic food items, the high price of non-food items is putting a huge burden on households. Crowd-sourced data shows that maintaining even a modest standard of living is becoming prohibitively expensive for households in Dhaka," said CPD Executive Director Fahmida Khatun.

Inflation shot up to 6.29 per cent in April, the highest in 18 months. It was 6.22 per cent in March.

Based on the data of the Bangladesh Urban Socioeconomic Assessment Survey 2019 conducted by the Bangladesh Bureau of Statistics, the CPD said the cost of a basket of 20 common food items for a four-member family in Dhaka city was Tk 21,358 on May 30.

If the family never consumes fish, mutton, beef or chicken, the average monthly cost of food for the household would stand at Tk 8,016.

The average cost of living, including non-food expenditures such as house rents, for a household of four on a "regular" diet and living in an apartment with one bedroom outside the Dhaka city would be around Tk 42,548, said the CPD.

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# Default loans surge as relaxed loan policy goes

AKM ZAMIR UDDIN

Default loans in the banking sector surged 19.3 per cent year-on-year in the first quarter of 2022 to reach one of the highest levels in Bangladesh's history, driven by the withdrawal of the relaxed loan classification policy.

Non-performing loans (NPLs) totalled Tk 113,441 crore in March, only behind Tk 116,288 crore of default loans, the highest ever, hit in September 2019.

Analysts, however, blamed the deterioration of corporate governance amid lax monitoring by the Bangladesh Bank for the higher NPLs.

Earlier, the central bank took several measures, including easing of the loan rescheduling and classification rules, in order to get rid of NPLs. But the moves have largely failed to produce expected results and restore the financial discipline in the banking sector, which was reflected in the higher default loans in the January to March quarter.

Default loans increased 9.84 per cent in March from three months ago when it stood at Tk 103,274 crore.

The ratio of default loans accounted for 8.53 per cent of outstanding loans in March, up from 8.07 per cent a year earlier.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said that the withdrawal of the relaxed loan classification, which the BB had introduced to help borrowers stay afloat amid the business slowdown caused by the pandemic, was one of the main drivers for the spike in NPLs.

The central bank maintained a moratorium

facility for borrowers throughout 2020.

As a result, banks did not reclassify the credit status of borrowers, bringing NPLs down to Tk 88,734 crore, a decrease of 6 per cent on 2019.

Under the policy, borrowers were allowed to avoid slipping into the default zone in exchange for giving only 15 per cent of the total instalments payable last year.

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The relaxed policy continued last year, as well as the coronavirus pandemic, kept hurting the economy and the businesses.

Rahman says small and medium enterprises (SMEs) have been hit hard by the pandemic as demand plummeted, and many of them are still facing difficulties.

"Many SMEs have become defaulters."

The banker, however, notes that default loans usually climb up in the first quarter of a year as banks opt for the period to classify loans so that the borrowers repay during the rest of the year.

Emranul Huq, managing director of Dhaka Bank,

said some clients might have failed to pay back their loans obtained under the stimulus packages declared by the BB to offset the slowdown.

Central bankers say many banks have their writ petitions, filed by the defaulters, vacated in courts in the first quarter, sending NPLs high.

Salehuddin Ahmed, a former governor of the central bank, thinks a group of delinquent borrowers are not repaying loans on the excuse of the pandemic.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the apex trade body of the country, has recently demanded the central bank extend the relaxed loan classification policy until December.

"The central bank should not entertain the FBCCI proposal since previous experiences of relaxed policies did not bring any positive for the economy," Ahmed said.

The central bank has loosened its monitoring of the banking sector due to the ongoing foreign exchange crisis. The laxity in monitoring is not a positive sign for the financial sector, he said.

"Instead, the health of the banking sector should have strengthened at this moment as the economy is now fighting against the global crisis stemming from the Russian-Ukraine war."

Monzur Hossain, research director of the Bangladesh Institute of Development Studies, also echoed Ahmed on the central bank's monitoring.

"The ongoing global business crisis has had an adverse impact on the local businesses, so NPLs are on the rise," Hossain said.

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### STOCKS

DSEX	CASPI
0.71% 6,497.39	0.78% 19,039.35

### COMMODITIES

Gold	Oil
\$1,851.1 (per ounce)	\$120.41 (per barrel)

### ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.08% 55,769.23	1.27% 27,761.57	0.16% 3,231.97	0.42% 3,195.46

## 85pc firms want Bangladesh-Japan FTA: survey

STAR BUSINESS REPORT

About 85 per cent of the local and Japanese companies with operations in both nations want their respective governments to sign a free trade agreement (FTA) so that they can continue enjoying duty benefits after Bangladesh graduates from the UN's list of least developed countries in 2026, according to a survey.

Meanwhile, some 20 per cent or 26 Japanese companies want to relocate from Bangladesh to more competitive countries in the Association of Southeast Asian Nations (Asean) if an FTA is not signed.

Only one company was against signing an FTA as it would render the incentives for garment factories housed inside export processing zones redundant. Of the local companies surveyed, some 87 per cent, or 26 multinational companies, want an FTA between the two countries.

Six companies did not respond while 8 per cent of respondents had no particular opinion on the question of signing an FTA.

The Japan External Trade Organization and Japan-Bangladesh Chamber of Commerce and Industry jointly conducted the survey between August 5 and October 14 last year.

The survey organisations sent questions to 300 companies of Bangladeshi and Japanese origins having operations in both countries. However, some 142 companies responded to the queries.

The existing rules of origin (ROO) in the GSP for garment products should be continued. Standard tariff classification changes will come into play if the ROO to

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The real interest rate on bank deposits has reached an unprecedented stage in recent past causing the value of the savings of ordinary people to fall, an expert says.

PHOTO: STAR

## Saving money in banks no more attractive

STAR BUSINESS REPORT

Parking money in banks is no longer attractive as surging inflation is eating away 2.2 per cent of savings in real terms, effectively discouraging depositors, states an analysis of the Centre for Policy Dialogue (CPD).

"The real interest rate on bank deposits has reached an unprecedented stage in the recent past periods causing the value of the savings of ordinary people to be depleted," said CPD Executive Director Fahmida Khatun.

The analysis was presented at a CPD media briefing on the think tank's premises in the capital yesterday on the "State of the Bangladesh Economy in FY21-22".

It said the real deposit rate, calculated as the weighted average of the monthly deposit rate of all

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## Brac Bank posts Tk 134cr profit

STAR BUSINESS DESK

Brac Bank logged a profit after tax of Tk 134 crore in the January-March period of 2022 on a stand-alone basis.

On a consolidated basis, the bank generated a profit of Tk 97 crore during the first three months of the current year, according to a press release.

The bank announced its financial results for the quarter, along with other performance and operational achievements in a virtual earnings disclosure event on May 30.

**Its net asset value per share rose to Tk 37.15 in the Q1 of 2022 compared to Tk 30.72 in the Q1 of 2021**

Earnings per share (EPS) stood at Tk 0.89 on a stand-alone basis while EPS was Tk 0.94 in the corresponding period of 2021.

The net asset value per share rose to Tk 37.15 in the quarter compared to Tk 30.72 in the first quarter of 2021.

Net operating cash flow per share jumped to Tk 5.17 due to higher deposit mobilisation and additional funds borrowed in 2022, said the press release.

The bank's non-performing loan was 4.1 per cent in the first quarter of 2022, as compared to 3.9 per cent in December 2021.

"We plan to continue this growth momentum going forward," said Selim RF Hussain, managing director of Brac Bank.

M Masud Rana, Md Sabbir Hossain, Tareq Refat Ullah Khan, Syed Abdul Momen and Md Shaheen Iqbal, deputy managing directors of the bank, and Md Mahiul Islam, head of retail banking, and Ahmed Rashid Joy, head of credit risk management, attended the event.

# Stocks extend gains, rise for seventh day

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange rose for the seventh consecutive day yesterday amid renewed buying spree among general investors after the volatility in the foreign exchange regime lessened following the government's move to float the local currency.

The DSEX, the benchmark index of the premier bourse of Bangladesh, added 45 points, or 0.71 per cent, to close the day at 6,497. In the last seven trading sessions, the index advanced 310 points or 5 per cent.

"General investors are buying as their confidence level has received a boost following the stock regulator's several steps aimed at pushing the index up," said an asset manager.

The Bangladesh Securities and Exchange Commission (BSEC) has widened the scope of lending to investors for buying stocks.

Moreover, it brought down the lower limit of the circuit breaker to 2 per cent from the previous 5 per cent, meaning a stock can't fall more than the new ceiling

on a single day.

The regulatory steps from the BSEC have boosted the investors' confidence, the asset manager added.

However, the biggest fillip came on Thursday when the central bank said it was floating the exchange rate, allowing the market to decide the exchange rate of the taka against the US dollar depending on demand and supply.

The decision removed clouds gathering over the country's foreign exchange reserves to some extent as reserves have come under pressure in recent months owing to higher imports against moderate exports and remittance flows.

Turnover on the DSE rose 8.57 per cent to Tk 950 crore from the previous session's Tk 875 crore.

The DS-30, which comprises blue chip stocks, and the DSES, which represents Shariah-compliant companies, rose 18 points and 10 points, respectively.

The investors put fresh bets on the sector-wise issues as they got back their confidence amid rising turnover, said International Leasing Securities in its daily

market review.

Institutional fund flows to the large-cap scrips created a bullish vibe among the investors, raising investors' participation.

Among the sectors, general insurance rose 3.2 per cent and food and allied was up 2.2 per cent.

The investors' activity was mostly concentrated on pharmaceuticals, food and allied, and textile sectors.

On the DSE, 202 stocks advanced, 124 declined and 52 remained unchanged.

Prime Insurance topped the gainers' list advancing 9.96 per cent. Meghna Pet Industries, Meghna Condensed Milk, GBB Power, and Rupali Insurance also gained significantly.

Standard Bank shed the most, dropping 4.16 per cent. Imam Button Industries, Gemini Sea Food, Apex Foods and Standard Ceramic Industries were, among the heavy losers.

Beximco Ltd was the most-traded stock with its shares worth Tk 38 crore changing hands, followed by BDCOM Online, Shepherd Industries, Fu Wang Food, and Orion Pharmaceuticals.

## Iftexhar reappointed MD of Eastern Bank

STAR BUSINESS DESK

Eastern Bank Ltd (EBL) has reappointed Ali Reza Iftexhar as its managing director and chief executive officer for a fifth term until his retirement on April 18, 2026.

Iftexhar has been in this position since 2007, a press release said.

As CEO of EBL, Iftexhar, the longest serving business leader of the country's banking industry, transformed the private commercial bank into one of the most valuable financial brands in Bangladesh.

He is a recipient of "CEO of the Year 2012 Award" at Asian Leadership Award programme held in Dubai.

He also led the Association of Bankers, Bangladesh (ABB),

a forum of managing directors of scheduled banks, for two terms 2020-21 and 2014-2015 respectively.

He previously worked in many capacities in local private and international banks, including Banque Indosuez, Standard Chartered Bank and AB Bank during his 37-year professional career.



## Walton sets up research centre in South Korea

STAR BUSINESS REPORT

Walton has set up a research and innovation centre in South Korea.

The company also signed an agreement with a design house in South Korea to jointly work on bringing groundbreaking changes in the quality and design of electronics and technology products.

The deal was signed in presence of Golam Murshed, managing director and chief executive officer of Walton Hi-Tech Industries PLC, in Seoul on June 2, Walton said in a press release yesterday.

Addressing the event, Murshed said South Korea is undoubtedly a leading global hub of electronics and technology products.

"So, setting up a research centre and working jointly with a reputed design house is a giant step for the electronics sector in Bangladesh."

Thanks to the combination of Walton's capabilities with South Korean expertise, consumers will get international standard products with innovative designs, he added.

The initiative will bring a radical change in product quality and design, the company said.

Walton recently acquired the rights of three reputed European electronics brands and their production plant, trademark, patent, design and software licence in 57 countries.

Walton's Head of Supply Chain Mohasin Sarder, Head of Sourcing Aminul Islam and Head of Walton Refrigerator's R&I Centre Tofail Ahmed were also present at the event.



Jackfruits grown in orchards of Jashore's Bashundia area put on sale at Power House Mor in Khulna city. The national fruit of Bangladesh grows in trees which flower in December-March and the fruit ripens in May-August. One of the largest edible fruits known, each can weigh from a few kilogrammes to even up to 30 kilogrammes to 45 kilogrammes. Some 1,001,756 tonnes of the fruit were produced in the country in fiscal year 2019-20, according to the Bangladesh Bureau of Statistics. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

## Inclusive development

FROM PAGE B4

How the budget is analysed is also important in ensuring the rights of persons with disabilities. The enjoyment of the rights of persons with disabilities may be obstructed if the budget is not analysed through the CRPD lens, and the government is not negotiated on the basis of the findings of analysis.

Some considerations relating to the CRPD-compliant budgeting are as below:

**FORMAL PRE-BUDGET CONSULTATION**

According to Article 4.3 of the CRPD, the government has a responsibility to consult with persons with disabilities and OPDs in formulating the budget. Although this is a long-standing demand of the disability movement, to date the government has not developed a permanent and robust mechanism for scientific budget consultations with persons with disabilities and OPDs.

The government should meaningfully consult with the people with disabilities through the administrative units from the union council to ministry levels. These consultations may be led by the committees formed under the Rights and Protection of Persons with Disabilities Act, 2013 (hereinafter referred to as the RPPDA).

**HARMONISATION OF LAWS AND POLICIES**

It is not possible to implement the rights of people with disabilities unless the laws and policies of the state are harmonised in compliance with the CRPD. If there is any provision in the legal framework of the state that is inconsistent with the CRPD, the outcome

must be negative in respect of the rights of persons with disabilities. Such a law would serve as a living tool for violating the rights of persons with disabilities.

For example, under the Contract Act 1872, which is in force in Bangladesh, persons with psychosocial disabilities are not eligible to sign the contract. Such a provision should be held void ab initio as it is liable to cause serious violation of the inherent basic human rights as well as the right to equal legal capacity. Such discriminatory laws curtail various rights including the right to life with dignity, education, employment, and marital rights of the persons with psychosocial disabilities, and they gradually become marginalised in society.

However, by abolishing such provisions and introducing a proper decision-making system, it is possible to turn this huge number of human beings into human resources. Similarly, the recruitment policies of the Bangladesh Public Service Commission (BPS) and the Bangladesh Judicial Service Commission (BJSC) are discriminatory towards persons with disabilities, depriving the state of services of millions of educated youths with disabilities and depriving a large number of persons with disabilities and their families from livelihood opportunities.

As long as these anti-CRPD laws exist, people with disabilities will continue to be marginalised and unable to move forward. From this point of view, it is better not to have laws and policies than to have anti-CRPD laws. The CRPD wants the State Parties to repeal laws that

discriminate on grounds of disabilities.

**ELIMINATE DISCRIMINATION THROUGH INVESTMENT POLICIES**

It is the duty of the state to allocate a sufficient budget for the implementation of laws and policies that are consistent with the CRPD. The government enacted the RPPDA eight years ago. In the schedule of this law, the government has inserted an unprecedented list of 82 activities.

Subsequently, for the smooth implementation of this Act, the government formulated a detailed action plan in 2019 with a specific time-frame and responsible ministries or departments.

The ministries and/or departments are required to provide budget demand every year for the implementation of the activities as mentioned in the action plan and budget allocation has to be made accordingly. However, we have noticed that these ministries or departments are not acting as per the national action plan. Therefore, national budget statements do not reflect the interest of people with disabilities. As a result, people with disabilities are being deprived of the benefits of the laws.

It is advisable to cancel or reduce the allocation for all the organisations which discriminate on grounds of disabilities.

**ENSURE MAXIMUM UTILISATION OF RESOURCES**

In recent years, we have noticed that the government has invested a huge amount of money in social protection purposes. The government has taken a policy to provide allowances

to all registered persons with disabilities whereas all persons with disabilities may not require allowance. On the other hand, persons with high support needs may need caregiver support or additional costs which are not covered by the allowance scheme.

The government also invests a huge amount of money for the salaries of government officials who are responsible for implementing disability laws. How these government officials are using their time and resources needs to be monitored.

**INCLUDE PERSONS WITH DISABILITIES IN REVENUE GENERATION PROCESS**

The budget should have a reflection on how the state will ensure access of persons with disabilities to the labour market. The government has enacted laws and policies aiming to ensure this access to the labour market, but the budget statement never includes progressive plans for the actualisation of these policies.

Every year, the government should announce what measures it will take to ensure access of a certain number of persons with disabilities to the labour market. Similarly, the government must invest in accessible transport, retrofitting the infrastructure, reasonable accommodation, accessibility and inclusive education to ensure equal access for persons with disabilities to the labour market.

The author is advocate of the Supreme Court and chairperson of the Disability Inclusive Justice and Legal Aid Association.

## Publish data properly

FROM PAGE B4

Ahmed went on to say that the BSEC does not want to take any tough actions against the issuers for such activities even though it has the scope to do so.

The listed companies should update their annual reports, audited reports and quarterly financial report on their website properly, Ahmed added.

His comments came yesterday at a workshop on Exchange Traded Fund (ETF) organised by the Capital Market Journalists' Forum (CMJF) at its office in Dhaka.

"ETF would be a good product for investors so they should know about it," the commissioner said.

As such, the BSEC is continuing its financial literacy programme to teach investors about the stock market, he added.

Saied Mahmud Zubayer, deputy general manager and head of the product and market development department at Dhaka Stock Exchange (DSE), was the main trainer at the event.

Zubayer said the ETF is very popular in all developed stocks markets while Bangladesh does not have any such fund.

"Three fund managers have expressed their intention to launch the ETF and the fund will be helpful for a sustainable market," he added.

Mohammed Rahmat Pasha, CEO of UCB Stock Brokerage, Rashedul Hasan, CEO of UCB Asset Management, Ziaur Rahman, president of the CMJF, and Abu Ali, secretary general of the CMJF, also spoke at the event.



Md Ataur Rahman Prodhan, chief executive officer and managing director of Sonali Bank, and ABM Amin Ullah Nuri, chairman (secretary) of Rajdhani Unnayan Kartripakkha, recently exchanged signed documents of an agreement in the bank's head office in Motijheel, Dhaka over collecting charges and fees through the Sonali payment gateway.

PHOTO: SONALI BANK

## Sonali Bank, Rajuk sign deal

STAR BUSINESS DESK

Sonali Bank signed an agreement with Rajdhani Unnayan Kartripakkha (Rajuk) to receive the charges and fees from implementing Urban Resilience Project under the electronic construction permitting system (ECPS) through the "Sonali Payment Gateway" services.

Md Ataur Rahman Prodhan, chief executive officer and managing director of Sonali Bank, and ABM

Amin Ullah Nuri, chairman (secretary) of Rajuk, signed the agreement at the bank's head office in Motijheel, Dhaka recently, a press release said.

The public can easily pay their fees and charges through the Sonali Payment Gateway at anytime and from anywhere for using the Sonali bank online services. Abdul Latif Helaly, project director of the urban resilience project at Rajuk, and Md Abu Kausar Mallik, director for finance and accounts, were present.



Morshed Alam, chairman of Mercantile Bank, cuts a cake at the bank's head office in Dhaka to celebrate its 23rd founding anniversary on Thursday. Md Quamrul Islam Chowdhury, managing director and chief executive officer of the bank, ASM Feroz Alam, vice-chairman, Md Anwarul Haq, chairman of the executive committee, Akram Hossain Humayun, MA Khan Belal and Mohammad Abdul Awal, directors, were present.

PHOTO: MERCANTILE BANK

**United Feeds recognised as Dairy Icon-2021**

STAR BUSINESS DESK

United Feeds Ltd, a sister concern of Meghna Group of Industries (MGI), has been recognised as the 'Dairy Icon 2021' by the Ministry of Fisheries and Livestock for contributing to the poultry and fisheries industries of Bangladesh for more than 20 years.

The ministry organised a Dairy Icon Celebration programme to recognise the organisations for their contribution to the poultry and fisheries industries, at Krishibid Institute, Bangladesh in Dhaka on June 1, to celebrate 'World Milk Day 2022'.

SM Rezaul Karim, minister for fisheries and livestock, handed over a crest and certificate to Tasnim Mostafa, director of MGI, as the recognition, a press release said.

Mohammad Yamin Chowdhury, secretary of the fisheries and livestock ministry, Monjur Mohammad Shahjada, director general of the Department of Livestock Services, Robert D Simpson, country representative of the Food and Agriculture Organisation in Bangladesh, were present.



**Inflation shot up to 6.29 per cent in April – the highest in 18 months – amid persistently high food and non-food prices, according to Bangladesh Bureau of Statistics.** PHOTO: PRABIR DAS

# Raising GDP growth, reining in inflation to be tough

Economist Zahid Hussain says

STAR BUSINESS REPORT

Policymakers will find it tough to bring some sort of a balance between targets to ensure economic growth while containing inflation in the next fiscal year, economist Zahid Hussain said yesterday.

Growth of the gross domestic product (GDP), the monetary measure of the market value of all final goods and services produced in a specific time period, stood at 7.3 per cent in fiscal year 2021-22, according to the Bangladesh Bureau of Statistics.

The consumer price index (CPI), the most widely used measure of inflation measuring the overall change in consumer prices over time based on a representative basket of goods and services, has gone up 6.3 per cent year-on-year as of April, said Hussain, a former lead economist at the World Bank's Dhaka office while addressing a workshop on the national budget organised by BRAC University Economics Club at its Mohakhali campus. Citing data, he said private

consumption has been a major driver of economic growth over the last couple of years. Private consumption grew 72.8 per cent of the GDP in fiscal year 2021-22

from 68.8 per cent the year before. Private investment grew during the current fiscal year. Public investment as a percentage of GDP also increased, he said.

Hussain said the current account imbalance as a percentage of the GDP rose from 0.9 per cent in fiscal year 2020-21 to 6.9 per cent in the current fiscal year, owing to increasing trade deficit and reduced flow of remittances, creating pressure on international payments of Bangladesh.

He said instead of addressing the core cause, Bangladesh Bank tried fixing the exchange rate, which nearly turned the interbank market dysfunctional over the past couple of weeks. The central bank also increased the margin for opening letters of credit to discourage imports but that only decreased local market supplies and raised prices, said the expert.

Although the government simultaneously raised regulatory duty on the import of goods such as flowers, fruits, furniture and cosmetics, this addressed the issue of external balance, not inflation, said the economist.

It remains to be seen whether two other government steps bring any

fruitful result – a ban on visits abroad by government officials and going slow on the implementation of government projects, especially those taken on political consideration, he said.

The workshop also focused on other aspects of the national budget and its implications on the country's economic growth, both in the short and long run.

Hussain explained that all such efforts were to attain macroeconomic equilibrium, a condition in the economy in which the quantity of aggregate demand equals the quantity of aggregate supply.

Internal and external imbalances result from the system going into disequilibrium, with the adjusters being government intervention through tariffs and quotas, current account deficits and surpluses, inflation or deflation, changing foreign exchange reserves and interest rates and trade and price wars, he said.

Internal imbalance is a combination of recession, inflation and unemployment while external imbalance culminates from foreign exchange shortage and both external indebtedness as in the case of Sri Lanka or assets build up as in the case of China, said Hussain.

**RFL launches new generation cooker hood**

STAR BUSINESS DESK

Rangpur Metal Industries (RMI), a concern of Pran-RFL Group, has brought new cooker hood using latest technology to the market.

Md Moniruzzaman, director of the RMI, unveiled the product at an event held at RFL Group's head office in Badda, Dhaka recently, said a press release.

RFL currently has 8 different types of cooker hoods of different sizes. The price ranges of the products are between Tk 7,060 and Tk 31,765.

Buyers will be able to purchase the products from RFL's Best Buy and Easy Build.

## Leading decent life

FROM PAGE B1  
The expenses came down to Tk 29,206 if the family compromises or removes animal protein from its menu.

The CPD said high inflation is directly threatening the food security of workers earning a minimum wage as they are unable to manage either a regular diet or a compromised diet.

The analysis shows that assuming a 5 per cent annual increment in the basic salary since the last wage review, the minimum wage in 2022 for workers in all industries would not be enough to afford a regular diet for a household of four.

The workers of many industries such as shrimp, fish and trawlers, hotels and restaurants, soap and cosmetics, tailoring, cotton textile, bakery, biscuit and confectionery, automobile workshop, and leather and footwear wouldn't be able to have even a compromised diet with their minimum wage.

For example, an employee of a bakery, whose minimum wage now stands at Tk 6,716, can't afford the expenses of a compromised diet, which costs Tk 8,016 a month. Although a garment worker, earning a monthly minimum wage of Tk 9,312, can afford a compromised diet, he is unable to bear a regular diet, which costs Tk 21,258.

"Hence, it is urgent to revisit and revise the minimum wages of workers in all industries immediately," the CPD recommended.

The struggle of the poor and the low-income groups that began with

the outbreak of Covid-19 in early 2020 has now worsened by the unabated rise in the prices of essentials.

This is affecting the economic recovery process as a large section of people are still struggling to stay afloat, said Fahmida.

According to the CPD, though the current price hike is mainly due to higher import costs, domestic factors such as the market distortion by a few dominant players, are also responsible.

Fahmida said there are discrepancies between the government's data on inflation and the actual prices of commodities in the market.

"In most cases, official inflation figures don't paint the actual scenario of the market. The price of essential commodities has surged more than 40 per cent in the past one year, but it is not reflected in the inflation data."

The analysis shows that at least 29 imported essential food items currently face a high incidence of tax.

"High inflation has revealed the inherent weakness in the government's domestic resource mobilisation approach which is largely dependent on revenue collection from indirect taxes."

If the current pace of inflation continues, the government may be compelled to withdraw other indirect taxes on essential items like it did in case of soybean oil.

"Thus, the fiscal policy, which is highly dependent on indirect taxes, propagates economic

inequality in society and forces the government to trade off revenue generation in the face of high inflation."

Prof Mustafizur Rahman, a distinguished fellow of the CPD, said the spike in inflation is not solely related to the rising global prices.

"There are anomalies in the total market management."

He said inflation may increase since Bangladesh can't control the foreign market and dollar prices.

"But if we can establish good governance, beef up surveillance and handle the market systems properly, inflation would go down significantly."

According to the CPD, Bangladesh's economy is facing several challenges owing to global political and economic crises.

"In the context of high inflationary pressure, deficits in trade and current account, the exchange rate volatility, and the pressure on foreign exchange reserves, macroeconomic management will be more challenging than ever before."

Handling the crisis requires prudent fiscal and monetary policies that will meet the demand for higher subsidies and incentives in a few critical areas, enhancement of domestic resources mobilisation, rationalisation of public expenditure, and ensuring of social protection to the poor.

"Policymakers will have to come out of growth obsession and focus on the quality of growth in terms of distribution of the benefits of growth more equally," said the CPD.

## 85pc firms want Bangladesh-Japan FTA

FROM PAGE B1  
The Japanese markets ceases to exist, the survey found.

Simplifying the process of issuing certificates of origin (COO) within a shorter period of time is required as well. The introduction of self-certification could serve to this end, it said.

The responding companies were in favour of the FTA between Bangladesh and Japan as the companies will not be able to enjoy duty benefits in Japanese markets after Bangladesh's graduation to a developing country.

However, the proposed signing of an FTA will help retain the duty benefit to Japanese markets. Japan is the only Asian nation where the export of goods from Bangladesh crossed

\$1 billion for the first time since 2012 because of increased garment exports.

Of the total exports to Japan from Bangladesh, 95 per cent are apparel items.

Some local companies say the country would lose its competitiveness without the GSP facility if compared with other countries that have FTAs. The tariff will go from 7.4 per cent to 10.9 per cent on garment exports to Japan if the GSP expires, the survey said.

Similarly, leather shoe shipments would face around 30 per cent customs tax to enter Japan, it added.

ITO Naoki, ambassador of Japan in Bangladesh, said both countries are interested in conducting a joint study on the feasibility

of signing an FTA.

"We do not have the option for GSP extension. We need to sign agreements and an FTA may be an option for market access to Japan for Bangladesh," Naoki said at an event on sharing the outcomes of the survey on FTA/EPA between Japan and Bangladesh, held at Lakeshore Hotel in Dhaka.

The foreign, commerce, finance and agriculture ministries have already started discussions on signing an FTA between Bangladesh and Japan, Naoki said.

Commerce Minister Tipu Munshi, various diplomats, government high-ups, and businesspeople of both Bangladesh and Japan participated in the discussion.

"We are positive for

signing the FTA with Japan," Munshi said in his speech.

Bangladesh has been trying to sign FTAs or preferential trade agreements (PTAs) with some of its major trading partners but so far only one PTA as been signed with Bhutan in December last year.

Recently, the sub-committee on smooth LDC graduation recommended signing trade agreements with seven important trading partners like China, India, Japan and Russia but only China and India have expressed interest in this regard.

"We need investment from Japan," Munshi said.

Tapan Kanti Ghosh, senior secretary to the commerce ministry, said the signing of FTAs, PTAs and Comprehensive

Economic Partnership Agreements (CEPA) is dependent on the willingness of partnering countries.

Sometimes, the signing of trade agreements does not take place because of political, strategic or purely economic factors. However, Japan is a very important country for Bangladesh.

"But, in case of Bangladesh import is a major source of revenue and the government also wants to save the domestic industries, which is a major factor in case of signing the trade agreements," Ghosh said.

Last week though, a draft was published which will act as the guideline for signing trade deals with trading partners and other regional trade pacts, he added.

## City Bank raises Tk 700cr thru bonds

STAR BUSINESS DESK

City Bank recently raised Tk 700 crore issuing its fourth subordinated bond.

Agrani Bank, Janata Bank, Sonali Bank, Mercantile Bank, National Life Insurance Company and Shimanto Bank subscribed to the bond.

The funds will be used to enhance City Bank's tier-II capital following "Guideline of Risk Based Capital Adequacy" of Bangladesh Bank, thereby increasing its capital to risk-weighted asset ratio, says a press release.

City Bank Capital Resources and IDLC Investments were the lead arranger and trustee of the issue respectively.

## ICCB against hard loans, luxury imports

STAR BUSINESS REPORT

ICC Bangladesh (ICCB) strongly endorsed the finance ministry's recent recommendation to avoid hard loans and discourage the import of luxury goods in order to reduce the pressure on declining foreign exchange reserves.

The leading chamber also endorsed the recent austerity and regulatory measures taken by the government and Bangladesh Bank aimed at curbing non-essential imports, suspending the implementation of projects with high import components.

"We believe this will send a positive signal to the market and the economy as well as curb inflation," said ICCB President Mahbubur Rahman.

He was speaking while presenting the ICCB Executive Board Report at its 27th annual council in Dhaka yesterday.

ICCB also supports the demand of the businesses not to increase power and gas rates, fuel prices as well as reduce the corporate rate taxes in the upcoming budget as these will be helpful in containing inflation, the ICCB president said.

The report mentioned that over the last two years, the pandemic has played a major role in shaping the global economy. Many sectors have found themselves in difficulty and are still struggling and the countries dependent on those sectors are now quietly trying to get back up again.

Despite the strong economic recovery in 2021, the financial difficulties are not over and may still cause economic slowdown, according to the chamber.

In addition, many countries are faced with an increasing debt burden, high inflation and burning issue of the moment, geopolitical tensions, which all play a major role, it said.

The global economy is poised to be sent on yet another unpredictable course by the Russia-Ukraine war. This war is a major humanitarian crisis affecting millions of people and a severe economic shock of uncertain duration and magnitude.

The magnitude of the economic impact of the war is highly uncertain and will depend in part on the duration of the war and the policy responses, but it is clear that the war will result in a substantial near-term drag on global growth and significantly stronger inflationary pressures, the report added.

## Saving money in banks Default loans surge

FROM PAGE B1  
scheduled banks adjusted with the point-to-point monthly consumer price index inflation, fell from 0.03 per cent in March 2020 to -2.21 per cent in March 2022.

According to the Bangladesh Bureau of Statistics, inflation reached 6.29 per cent in April, the highest in 18 months, whereas in March it was 6.22 per cent.

However, if the real inflation rate is incorporated into the recent price increases then the real scenario will be found to be worse, said the think tank.

In March, the weighted average interest rate stood

at 4.01 per cent, according to Bangladesh Bank.

The CPD executive director went on to say that the matter of concern was that people of the lower-income tier were not getting much returns for the inflationary pressure.

"It has a great impact on the public life. Nobody wants to lose their money," she said.

During the pandemic, the weighted average lending and borrowing rates in all scheduled banks came down sharply, according to the analysis.

As a result, the interest rate spread has come down, adding to the woes of the commercial banks, it said.

FROM PAGE B1

He says the number of habitual defaulters is going up, contributing to the increase in NPLs.

Bangladesh Bank data showed that 46.5 per cent of the defaulted loans were with nine state-run banks.

NPLs in the state-run banks rose 11 per cent year-on-year to Tk 52,753 crore in March.

Forty-one private commercial banks held defaulted loans of Tk 57,804 crore, up 28 per cent from a year ago, while the NPLs in nine foreign banks increased to Tk 2,885 crore in contrast to Tk 2,458

crore.

In a paper yesterday, the Centre for Policy Dialogue said due to the longstanding moratorium on loan classification, the current level of NPLs is hardly indicative of the reality.

"It is apprehended that the actual volume of NPLs is far greater than shown by the official numbers."

It is anticipated that NPL will rise further in the coming days, as loans under Covid-19 liquidity support packages were not provided in a transparent or accountable manner, said the CPD.

## France in talks with UAE to replace Russian oil

REUTERS, Paris

France is in talks with the United Arab Emirates to replace Russian oil purchases, which will stop after the imposition of a European Union ban on Russian crude, Finance Minister Bruno Le Maire said on Sunday.

"There are discussions with the United Arab Emirates. We have to find an alternative to Russian oil," Le Maire told Europe 1 radio.

## Sonali Aansh's profits more than triple

STAR BUSINESS REPORT

Sonali Aansh Industries' profits more than tripled in the third quarter of the current financial year on the back of higher export turnover.

Earnings per share were Tk 1.78 in the January-March period of 2022, up 263 per cent against Tk 0.49 in the same period a year ago, according to the un-audited financial statement of the manufacturer of traditional, non-traditional and diversified quality jute products.

The EPS was Tk 3.05 in the July-March period, against Tk 0.75 attained in the identical period last financial year, an increase of more than 305 per cent year-on-year.

Net operating cash flows per share, a measure of a firm's financial strength, also more than tripled to Tk 18.80 in the nine-month period, compared to Tk 6.08 a year ago.

The net asset value, which indicates a company's total assets minus its total liabilities, was Tk 228.71 per share as on March 31 compared to Tk 226.28 on the same day in 2021.

Sonali Aansh Industries is an export-oriented company and supplies jute yarn, fabrics and finished goods such as bags and footwear to its buyers in European countries, India and China, Md Ahsan Habib, chief financial officer of the company, told The Daily Star.

Shares of Sonali Aansh closed 2.91 per cent higher at Tk 473.40 on the Dhaka Stock Exchange yesterday.

## Publish data properly

BSEC urges listed companies

STAR BUSINESS REPORT

Some listed companies do not regularly publish their financial data on their website and so, investors struggle to analyse and take decisions, said Shaikh Shamsuddin Ahmed, a commissioner of the Bangladesh Securities and Exchange Commission (BSEC).

"Some companies do not publish their audited reports on their website so the BSEC asked them to update their data but despite repeated letters, they have not replied," he added.

READ MORE ON B2



PHOTO: PRABIR DAS

Women entrepreneurs such as these face a myriad of difficulties in running their businesses and so, certain processes such as the issuance of trade licences and accessing bank loans should be simplified, according to Business Initiative Leading Development.

# Ease taxation, licensing for women entrepreneurs

Business Initiative Leading Development suggests in a report

AHSAN HABIB

The trade licence issuance process needs to be simplified and moved online while simplification of the bank loan process is also needed to help boost women owned businesses, according to a report by Business Initiative Leading Development (BUIDL).

At present, women owned businesses constitute 7.2 per cent of the 80 lakh businesses in Bangladesh, according to the Bangladesh Bureau of Statistics.

In its report, the private think-tank said the formalisation of e-commerce-based businesses should be easy.

Collateral free loans, simplification of value-added tax (VAT) and other tax policies, popularisation of the BSCIC online market and export facilitation through the Bangladesh Small and Cottage Industries Corporation (BSCIC) is also recommended.

The report was prepared after arranging a number of awareness workshops countrywide for women owned business along with women's chambers.

The objective of the workshops was to increase awareness on general business information and the business registration processes along with export-import procedures and the online services adopted by the government.

Build reached an audience of around 27,000 through its virtual workshops. The report will be published today.

Women entrepreneurs face challenges mostly for business formalisation, cumbersome trade licensing process and high renewal fee, getting collateral free loans and loans from stimulus packages, lack of knowledge on effective marketing and branding, and inadequate

distribution channels.

Other challenges shared by women owned business are: lack of a coordinated platform for women entrepreneurs' trade facilitation, lack of knowledge regarding TIN-VAT registration and return submission, lack of demand-based training facilities, applying for trade licences in case of online business, poor buyer-seller linkage within and beyond the country, raw material availability and branding non-traditional products.

Many women entrepreneurs were adversely affected by the coronavirus pandemic and so, the think-tank recommends ensuring easy access to loans and incentives for them.

The trade licence issuance process needs to be simplified and made fully digital. In addition, the company registration process as well as licence and renewal fees need to be rationalised for micro or cottage women entrepreneurs, it said.

Besides, the renewal frequency of trade licences can be extended from one year to two to seven years as it may reduce some hassles for entrepreneurs, the report says.

Also, the process of securing digital identification numbers, trade licences and tax identification numbers should be integrated so that entrepreneurs can run their business comfortably.

A large number of women entrepreneurs operating micro and cottage businesses through Facebook can be registered under digital business identification numbers, BUIDL said.

Commercial banks can arrange training and established help desks that can be more functional so that women entrepreneurs can be informed about loan information and come up with the related documents to qualify for getting collateral free loans.

Guidelines for processing small loans can be prepared and circulated as the process for securing low amounts of credit should not be same as that of a big loan.

Popularisation and implementation of the credit guarantee scheme should be followed by each scheduled bank so that women entrepreneurs can apply for loans without collateral and Bangladesh Bank should take effective steps in this regard.

Women chambers can initiate support for their members and help get the group loan facilities provided by the BSCIC.

A help desk at the VAT office could assist women entrepreneurs to find the category of exempted and non-exempted sectors in respect to VAT registration.

To facilitate trade, women entrepreneurs recommend launching country-wise import requirement identification processes. This means identifying which products are needed by each country.

The Export Promotion Bureau (EPB) can expedite continuous training on export-import procedures and it can also share the yearly trade fair calendar so that potential participants can better prepare. The organisation could also reduce registration fees for women entrepreneurs.

Meanwhile, the BSCIC could enhance marketing facilities both locally and globally along with establishing buyer-seller linkage for women entrepreneurs through online channels.

A system can be developed in BSCIC to collect products from a number of cottage or micro entrepreneurs and export those products through a single platform.

The EPB can also help identify suitable sectors for businesswomen considering the local and international demands so that they can expand operations, BUIDL said.

## Inclusive development needs disability-friendly budget

MOHAMMAD REJAUL KARIM SIDDIQUEE

Rokeya (pseudonym), a hearing-impaired woman who is facing mental illness, was advised by her doctor to take psychotherapy for six months. Rokeya and her family failed to find a therapist who knows sign language. Therefore, her doctor prescribed some medicines as an alternative treatment. Rokeya is now being addicted to the medicines that are causing other health issues. Rokeya has the right to access the best available health services according to laws and policies, but the government has no plan to allow her to exercise this right progressively by allocating a yearly budget that can ensure accessible health services for all persons with disabilities.

The Convention on the Rights of Persons with Disabilities (CRPD) sets out to ensure the realisation of all human rights of all persons with disabilities. As a State Party to this convention,

Bangladesh has a responsibility to ensure inclusive development where meaningful participation of persons with disabilities will be ensured in the budgeting process, revenue generation and expenditures, implementation, monitoring and other stages of the public budget.

The interest of persons with disabilities has to be paid attention duly during the budget-making process. No national or international jurisprudence has prescribed a concrete and comprehensive guideline for CRPD-compliant budgeting, but we may identify some elements of CRPD-compliant budgeting in line with the general principles (Article 3) and general obligations (Article 4) of the CRPD.

The political will of a state for the development of a particular section of the population is demonstrated in its legal framework. Practically, the public budget statements reflect the real intention of the government.

Due to commitments made to the international communities, the governments of least-developed and developing countries may enact various laws and policies in consistency with the international human rights instruments, but the sincerity and diligence of the government in implementing these laws and policies is evident from the availability, reduction or increase of annual budget allocations in relevant sectors.

For example, if the laws and policies call for the government to promote an inclusive education system, it is naturally expected that the government will take steps every year to realise inclusive education progressively and allocate the budget accordingly. If the government does not allocate this money, it can be assumed that the implementation of a truly inclusive education system is not really on the government's priority list.

Therefore, persons with disabilities and organisations of persons with disabilities (OPDs), NGOs, international NGOs and donors should carefully follow and analyse the national budget statement. Based on the results of the analysis, the OPDs and allies should advocate with the government to influence the budget-making process.

READ MORE ON B2



## PANDEMIC SHOCKS

# US firms still struggle to deal with inventories

AFP, New York

More than two years into the Covid-19 pandemic, American businesses are still struggling to manage their inventories in a feast-or-famine cycle caused by fickle consumer demand.

"We have way too much inventory right now," said Ginny Pasqualone, chief executive of Sparkledots, a children's clothing manufacturer.

"It's important that we have a large selection of merchandise that our clients can choose from," she said, but store traffic has been hit by inflation concerns, with some customers "very scared that they're not going to survive another recession."

For now, Sparkledots is holding more goods in inventory, but that ties up company capital and limits its ability to add to its 18-worker staff.

"It sucks our growth for the future," Pasqualone said.

Such is the dilemma affecting businesses of all sizes. Large store chains like Walmart, Target and Macy's have acknowledged in recent weeks that they misread consumer patterns, leaving them with excess supplies of appliances, casual clothing and bicycles.

Bicycles were a hot commodity early in the pandemic, prompting surprisingly large orders, said Wayne Sosin, owner of Workman Cycles, a New York manufacturer best known for its tricycles.

"Retailers bought whatever they could as if bike sales would continue to have unprecedented demand," Sosin said. "It was so obvious to me that (this) would not last."



South Pars gas field facilities are seen in the southern Iranian port town of Assaluyeh on the shore of the Gulf.

PHOTO: AFP/FILE

## Oman, Iran ink deals on oil field, gas pipelines

AFP, Muscat

Oman and Iran signed deals to develop two gas pipelines and an oil field along their maritime border, Oman's energy minister said Saturday, less than two weeks after Iran's president visited the sultanate.

The visit by Iranian President Ebrahim Raisi on May 23 came amid stalled international talks to revive a deal on Tehran's nuclear programme, leaving the Islamic republic under sanctions.

At the time, the official Oman News Agency reported that the countries had signed memoranda of understanding concerning oil and gas, but did not provide details.

On Saturday, the agency quoted energy minister Mohammed al-Rumhi as saying the agreements were "related to the development of the two gas pipeline projects linking the two countries and the Hengam oil field".