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BB allows relaxed loan facility for NBFIs clients

**STAR BUSINESS REPORT**

Borrowers of non-bank financial institutions (NBFI) can now avail a flexible loan repayment facility similar to that being enjoyed by bank customers up till December this year, according to a Bangladesh Bank notice issued yesterday.

As per the notice, borrowers of NBFIs who are struggling to repay their loans can avail the relaxed repayment facility considering the recent resurgence of the coronavirus pandemic and flooding in northern and north-eastern parts of the country.

**Borrowers can avoid falling into the default zone by repaying half of the loan payable for Apr-Dec**

As such, borrowers will be able to avoid falling into the default loan category by repaying half of the loan payable for the April-December period.

Clients will have to pay half of the payable amount every quarter during the period mentioned by the central bank.

The relaxed facility will be provided to borrowers who are facing a crisis to pay back their instalments due to the pandemic.

However, businesses that currently have a weak cash-flow will not be allowed to get the support.


On the other hand, the NBFIs-customer relationship can also be leveraged to extend the support.


Such conditions will not be applicable for flood-hit borrowers in the cottage, micro, small-and-medium enterprise, and agriculture sectors.

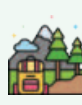
In addition, NBFIs will not be allowed to transfer any unrealized interest against loans enjoying the deferral support as income.


The central bank move comes after the Federation of Bangladesh Chambers of Commerce and Industry, the country's apex trade body, pushed for a relaxed loan classification policy till December. The banking regulator issued a separate notice to customers of banks on June 22, allowing them to enjoy the relaxed loan repayment facility.


WHAT'S WHAT


  
BEZA developing 17 economic zones

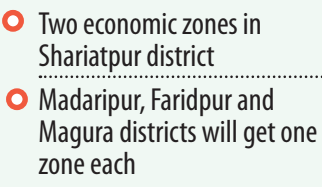
  
Total 21 districts will be covered

  
An ecotourism park will be built in Bagerhat

  
Mongla economic zone will be constructed under public-private partnership

  
Another zone near Mongla will be set up by a developer appointed by Indian govt


  
**Agriculture, IT and logistics have big investment potential in southwestern zone, says an economist**



- Two economic zones in Shariatpur district
- Madaripur, Faridpur and Magura districts will get one zone each

DISTRICT-WISE ECONOMIC ZONES

Major districts: Bagerhat, Shariatpur, Madaripur, Faridpur, Gopalganj, Khulna, Satkhira, Barishal, Magura, Bhola, Kushtia



17 ECONOMIC ZONES getting ready for south-west

**REFAYET ULLAH MIRDHA**

The government is setting up 17 economic zones in southwestern districts to bring about an industrial revolution in the largely non-industrialised region as it looks to accelerate economic growth of Bangladesh.

And the Bangladesh Economic Zones Authority (Beza) is upbeat that the road connectivity established between Dhaka and the region on Saturday following the inauguration of the Padma Bridge will attract investment in the industrial sector and create jobs for thousands of people.

The 6.15km bridge will also connect Bangladesh with the Asian Highway, paving the way for an industrial revolution to take place in 21 southwestern districts in particular and in the country in general, said the investment promotion agency in a statement.

The zones are part of the governmental goal of setting up 100 economic zones across the country, with a view to creating one crore jobs and exporting \$40 billion worth of goods and services from the enclaves.

The Mongla Economic Zone (MEZ) is being developed on

205 acres of land near the Mongla Port and it has already constructed the administrative building, boundary walls, connecting bridge and roads, power sub-stations, and water lines.

Powerpack Economic Zone Ltd is developing the MEZ under the public-private

partnership (PPP) model. A land-lease deal has been inked to set up three industrial units there.

"The establishment of industries at the MEZ will create jobs for a few thousand people and contribute to the overall development of the region," said Shaikh Yusuf Harun, executive chairman of the Beza, in a statement.

Development of another economic zone on 105 acres of land near the MEZ is underway as well. A developer, appointed by the Indian government,

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It has approved the proposal of setting up two economic zones in Shariatpur: one on 525 acres of land in Jajira upazila and another on 686 acres of land in Goshairhat upazila.

The agency has agreed in principle to build an economic zone on 1,125 acres of land in the Rajoir upazila in Madaripur.

The government has decided to set up an economic zone on 888 acres of land in the sadar upazila under Faridpur. Moreover, a feasibility

study has already been carried out for another zone on 200 acres of land in Kotalipara of Gopalganj.

It has taken up a project to conduct the feasibility study for an economic zone in Khulna's Botiaghata. The governing body of the Beza has also chosen Terokhada upazila to set up a zone.

The work to perform the feasibility study to construct an economic zone in Sreepur upazila under Magura and another in Satkhira sadar upazila has been initiated.

The feasibility study for setting up an economic zone at Agailjhara in Barishal has been completed and the Beza has approved the proposal of developing an economic zone in Hizla of the district.

The Beza plans to develop an economic zone in Bhola sadar upazila. It has acquired 382 acres of land to set up a similar zone at Bheramara of Kushtia. The feasibility study is underway.

Moreover, another economic zone, located over 800 acres of land, would be set up in Dhaka's Nawabganj.

However, only setting up economic zones and establishing a globally standard connectivity thanks

READ MORE ON B3

Dollar turns even costlier

**AKM ZAMIR UDDIN**

The US dollar became more costlier yesterday as the local currency depreciated once again in the inter-bank platform.

The exchange rate stood at Tk 93.45 per dollar on Tuesday in contrast to Tk 92.95 on Monday. It was Tk 84.82 on June 28 last year.

In order to prevent a massive fall of the taka, Bangladesh Bank injected \$42 million into the market yesterday to help banks settle import bills, said a central bank official.

The central bank supplied a record \$7.47 billion to the market between July 1 and June 28 this fiscal year. However, the inter-bank exchange rate set by the central bank has been unable to offset the ongoing volatility due to the inadequate supply of the greenback.

  
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The foreign exchange market is facing a shortage of US dollars due to soaring import payments and declining remittance inflows.

The country's import payments have shot up since the end of last year because of the rising prices of commodities in the global market.

Between July and April, imports went up by 41 per cent to \$68.66 billion, while exports grew 35 per cent to \$41 billion.

This resulted in a record trade deficit – the gap between exports and imports – of \$27.56 billion, up 53 per cent year-on-year. Inflow of remittance, the cheapest source of foreign currencies for Bangladesh, fell 16 per cent year-on-year to \$19.2 billion in the first 11 months of the fiscal year.

All these led to the decline in the foreign exchange reserves to \$41.7 billion as of June 28, whereas it was \$46.15 billion on December 31.

Bangladesh Bank had decided on June 2 to allow the exchange rate of the taka to float against the US dollar but recently backtracked from its stance, causing the forex market to become volatile again. Volatility in the country's foreign exchange market intensified after the central bank commenced setting the exchange rate of the taka against the US dollar.

STOCKS		
	DSEX ▲	CASPI ▲
	0.35% 6,342.59	0.25% 18,663.65

COMMODITIES		
	Gold ▲	Oil ▲
	\$1,825.54 (per ounce)	\$110.93 (per barrel)

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▲ 0.03% 53,186.45	▲ 0.66% 27,049.47	▲ 0.09% 3,140.21	▲ 0.89% 3,409.21

Profits drive cattle fattening

**SOHEL PARVEZ**

There has been growing interest among Bangladeshi farmers at rearing and fattening bulls, encouraged by high domestic prices which enable making a profit alongside an Indian clampdown on illegal inflows of cattle.

Over the past five years, the number of farmers engaged in the practice has risen alongside the number of bulls.

In 2017, there were 33.42 lakh cattle under the special regime, which involves nutritious diets and movement restrictions, according to the Department of Livestock Services (DLS).

At present, farmers are rearing 41 lakh cattle which are likely to be brought to markets for sale ahead of Eid-ul-Azha, when Muslims around the world sacrifice cattle as a part of their religious practice, causing demand to surge.

Of all the cattle processed for meat round the year, half are slaughtered during Eid-ul-Azha, when a big portion of the fattened bulls are sold.

This also provides supplies of hide and skins, the key raw materials for leather used by the export-oriented leather and footwear industry which fetches nearly \$1 billion a year.

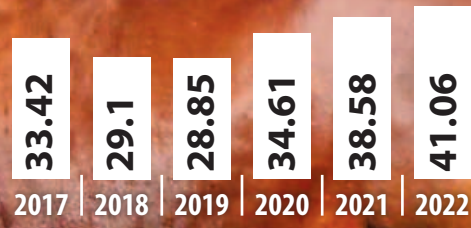
Farmers and livestock officials said investment in dairy and cattle fattening increased in recent years after India embarked on a crackdown on cattle smuggled into Bangladesh since 2014.

The restriction resulted in a slump in the supply of the livestock from India, which was a source of 20 lakh cattle a year for Bangladesh earlier.

Cattle farming gained ground particularly among

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TREND OF CATTLE FATTENING  
(In lakh)



Year	2017	2018	2019	2020	2021	2022
Value	33.42	29.1	28.85	34.61	38.58	41.06

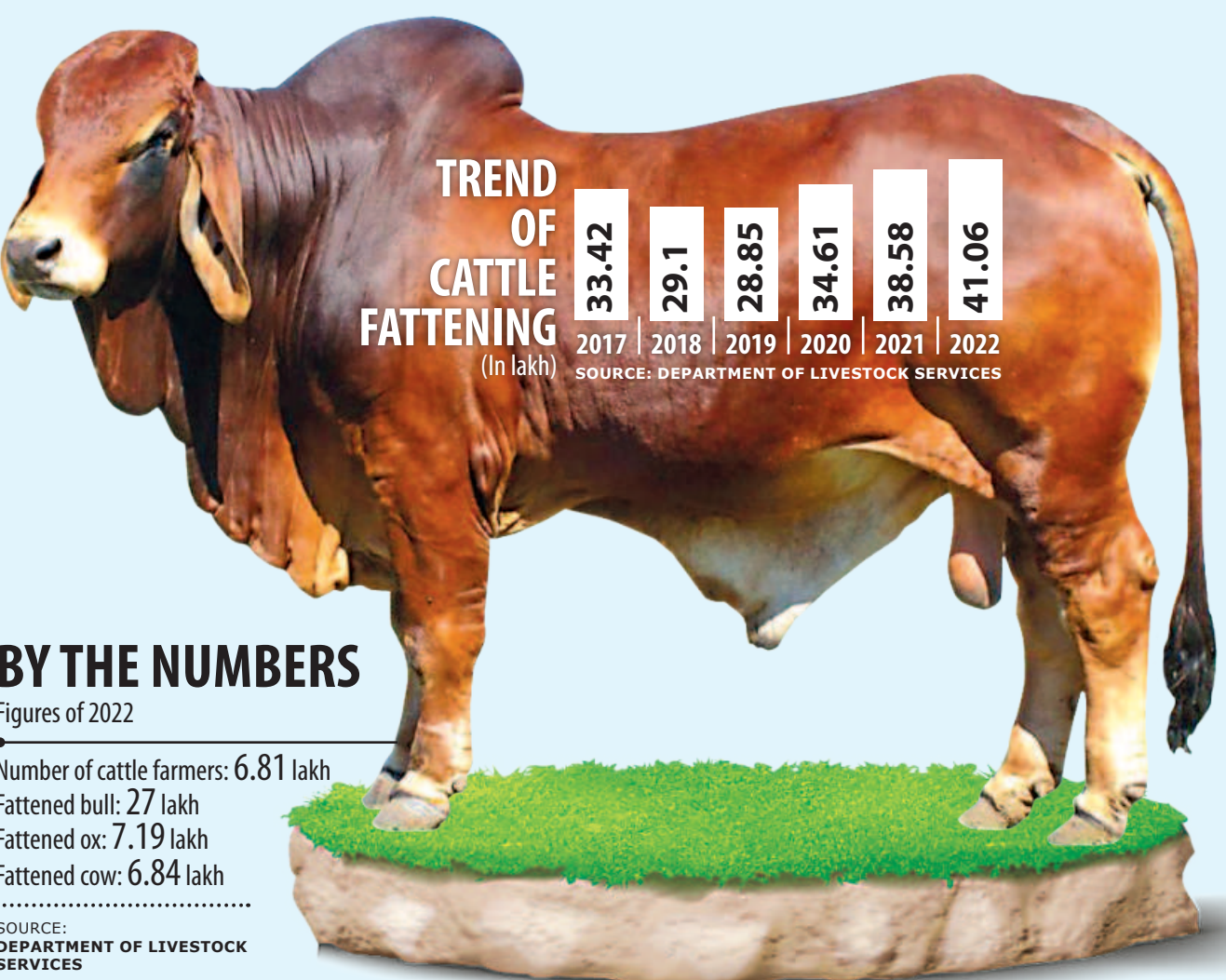
SOURCE: DEPARTMENT OF LIVESTOCK SERVICES

BY THE NUMBERS

Figures of 2022

- Number of cattle farmers: 6.81 lakh
- Fattened bull: 27 lakh
- Fattened ox: 7.19 lakh
- Fattened cow: 6.84 lakh

SOURCE: DEPARTMENT OF LIVESTOCK SERVICES



NBR set to miss revenue generation target again

**SOHEL PARVEZ**

The National Board of Revenue (NBR) reached 76 per cent of its Tk 330,00 crore revenue generation target in the 11 months of 2021-22, meaning it is going to miss the full fiscal-year collection goal once again.

As of May of 2021-22, taxmen collected Tk 252,920 crore, posting 15 per cent year-on-year growth, provisional data released yesterday by the revenue administration showed.

The tax generation growth dropped substantially in May compared to a year ago, widening the gap between the target and the collection.

The NBR will have to generate Tk 77,000 crore in June to hit the target, a task that analysts have termed nearly impossible to attain even though

READ MORE ON B3



## Austria prepares to reopen coal power plants

AFP, Mellach

At the Mellach coal power plant in southern Austria, spider webs have taken over the conveyor belts, and plants and flowers have sprung up around the vast lot that once stored coal.

The plant, Austria's last coal-fuelled power station, was closed in the spring of 2020, but now the government – nervous that Russia may cut its crucial gas deliveries further – has decided to get the site ready again in case it's needed.

"I never would have imagined that we would restart the factory," Peter Probst, a 55-year-old welder, told AFP during a visit of the plant.

**As Russia has cut gas deliveries in the wake of sanctions the West has imposed on it, European countries are turning back to coal**

"It's really sad to be so dependent on gas," he added. Europe had been trying to move away from coal in the fight against climate change.

But as Russia has cut gas deliveries in the wake of sanctions the West has imposed on it for the war in Ukraine, European countries are turning back to coal.

Today, the Mellach plant's white and red chimney stands out amid fields of corn and pumpkins, the city of Graz in the distance. Inside, the walls are black, and coal dust clings to the doors and railings.

Some 450,000 tonnes of coal were stored at the plant before its closure as Austria's conservative-Greens coalition aimed to have all electricity come from renewable resources by 2030.

Site manager Christof Kurtzmann-Friedl says the plant operated by supplier Verbund can be ready again in "about four months" – just in time to help tackle any gas shortages in winter.



Kerosene traders have customarily used these modified tricycles accommodating a steel barrel on the back to reach customers, mostly roadside tea stalls which use kerosene stoves. Nowadays their business has expanded through the inclusion of a new product, natural gas, carried in cylinders alongside the liquid fuel. But transporting the highly flammable gaseous material with the liquid solvent in such an exposed manner has also raised the risks exponentially. The photo was taken at Mohakhali in the capital recently.

PHOTO: PRABIR DAS

# Stocks rise for second day on investor optimism

## STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange (DSE) rose marginally for the second consecutive day yesterday as investors bought lucrative securities.

The DSEX, the benchmark index of the premier bourse in Bangladesh, closed at 6,342.59, up 22.26 points, or 0.35 per cent.

The DSES Index, which represents the Shariah-based companies, rose 0.35 per cent to 1,385.65, while the DS30 Index, which consists of the blue-chip firms, advanced 0.41 per cent to 2,294.58.

Investors put fresh bets on sector-wise issues as they found some stocks at lucrative prices, said International Leasing Securities Ltd in its daily market review.

It added some investors increased their participation to grab the opportunity of tax benefit on the capital market investment as the current fiscal year is coming to an end.

Among the sectors, ceramic, life insurance and engineering saw the highest price appreciation, whereas tannery and

general insurance suffered the most price correction.

Investors' activities were mainly focused on the textile sector, which accounted for 17.5 per cent of the day's total turnover, followed by the engineering and pharmaceuticals sectors.

### Investors put fresh bets on sector-wise issues as they found some stocks at lucrative prices

Turnover, an important indicator of the market, went up by 16.85 per cent to Tk 818 crore. It was Tk 700 crore on Monday.

Of the securities traded on the day, 199 advanced, 133 retreated and 50 were unchanged.

Shinepukur Ceramics was the most-traded stock, with its shares worth Tk 36.79 crore changing hands. Bangladesh Export Import Company, Fu Wang Food, Bangladesh Finance, Delta Life Insurance, and Bangladesh Shipping Corporation also witnessed sizeable turnover.

Among the individual stocks, Meghna Insurance Company topped the gainers' list, climbing 9.95 per cent. Imam Button Industries, Yeakin Polymer and Khan Brothers PP Woven Bag Industries also rose more than 9 per cent.

Non-bank financial institution IPDC Finance was the worst loser, giving up 2 per cent, the maximum a stock is allowed by the stock market regulator to fall in a single session on the DSE.

Quasem Industries, Savar Refractories, S Alam Cold Rolled Steels, New Line Clothings, Progressive Life Insurance and Janata Insurance Company each lost more than 1.9 per cent.

Shares on the Chittagong Stock Exchange also rose. The broader CASPI Index ended at 18,663.65 after adding 46.67 points, or 0.25 per cent.

Among the companies that witnessed trade yesterday, 160 went up, 97 went down and 36 did not see any price movement.

Turnover slipped to Tk 60.37 crore from Tk 61.20 crore on Monday.

## Oil prices rebound

AFP, New York

Oil prices bounced and Wall Street stocks declined Monday, reversing the most recent trends as markets eye the end of a bruising second quarter.

After positive sessions for several leading European and Asian bourses, Wall Street stocks were in the red most of the day, and finished modestly lower.

The broad-based S&P 500, which has fallen about 14 per cent since the end of the first quarter, shed 0.3 per cent on Monday.

Wall Street last week enjoyed a rare positive performance amid talk that weakening economic data may have set the stage for central banks to tighten less aggressively than they have been suggesting.

But the first session of the week also revealed angst over the current macroeconomic backdrop.

Economists are increasingly pessimistic about the potential for US policymakers to engineer a "soft landing" as central banks tighten monetary policy, reversing a after a long period of rock-bottom borrowing rates due to surging inflation.

## Michelin tyre to leave Russia

AFP, Paris

French tyre group Michelin said Tuesday it plans to transfer its activities in Russia to local management, the latest foreign firm to exit the country following Moscow's invasion of Ukraine.

Hundreds of Western companies ranging from furniture store Ikea to fast-food chain McDonald's and sports retailer Nike have left Russia since the war erupted in late February and sanctions were imposed on Moscow.

Michelin cited supply chain problems as the main reason behind its decision to give up business in Russia.

"After suspending its manufacturing activities in Russia on March 15, Michelin now confirms that it is technically impossible to resume production, due in particular to supply issues, amid a context of general uncertainty," the tyre company said in a statement.

## Putin guarantees fertiliser supply to Brazil

AFP, Brasilia

Russian President Vladimir Putin on Monday promised his Brazilian counterpart Jair Bolsonaro that Russia "is committed" to maintaining its delivery of much-needed fertilisers to the South American agricultural giant.

Speaking in Brasilia, Bolsonaro said the two leaders had discussed by telephone "food security" and "energy insecurity," without giving more details. In its own statement on the conversation, the Kremlin said Putin "stressed that Russia is committed to carry out its obligations to guarantee the uninterrupted delivery of Russian fertilisers to Brazilian farmers."

## Recipe to deal with economic challenges

FROM PAGE B4

According to World Bank estimates, energy costs might climb by more than 50 per cent in 2022 before declining in 2023 and 2024.

Oil prices may reach \$150 a barrel, and non-energy prices such as agriculture and metals are expected to rise by more than 20 per cent in 2022. In such situations, Bangladesh's export competitiveness will suffer if inflation is not managed well as a rise in raw material costs will increase the overall cost of exportable commodities.

Finally, Inflation would be an added blow to small businesses, which are yet to recover from the Covid-induced shock fully, as the increase in input prices, the higher costs of loans and the decreased demand will put them in further misery.

**WHAT OTHER COUNTRIES ARE DOING TO MANAGE UNCERTAINTIES**

Central banks around the world are concerned about the suffering of low-income people and moving expeditiously to prevent the situation from further escalating. Harsh steps such as increasing interest rates to the highest level in years and increasing the repo rate have been taken.

The Federal Reserve has raised interest rates by three-quarters of a percentage point. India has prioritised inflation over growth and recently proposed a tax cut on gasoline and diesel to combat inflation while raising the repo rate by 40 basis points earlier. This reduction in excise duty

and import taxes may result in a revenue loss of 1 lakh crore rupees per year, but it is expected to reduce inflation by 35-40 basis points.

In response to rising inflation, the Bank of England hiked interest rates by 0.25 percentage points to 1 per cent on May 5, bringing them to their highest level since March 2009.

### PROPOSED BUDGET AND ITS OFFERINGS TO TACKLE CHALLENGES

The government has recognised inflation to be a key challenge for the fiscal year and has considered the possibility of a further increase in global prices of major commodities in the budget for the fiscal year of 2022-2023.

The reduction of customs duty for wheat gluten and feeds, plans for the procurement of 47,000 tonnes of food grain through the government procurement in case of shortages, and actions against hoarders through mobile courts should help increase the supply of essentials.

The increased sales of daily necessities at lower prices through the Trading Corporation of Bangladesh (TCB), the overall 21 per cent increase in subsidies on items, including food, fuel and other agricultural goods, and the 5 per cent increase in the social protection budget and planned increase in the number of beneficiaries should, to some extent, help the people in need and keep inflationary effects down.

The strategies to contain inflation and support the

people who will be affected most could, however, have been more comprehensive. The tax-free personal income threshold remains unchanged despite the added burden of increasing prices, while for the lower-income who receive social protection benefits, the small benefit amount has remained the same as in the previous years.

The increase in the social protection budget has also been minimal. The support extended to the lower-income has been minimal as the large expenditure plan and the ambitious annual development programme (ADP) targets are expected to have high import components to put pressure on foreign exchange and lead to further depreciation of the taka and more inflation.

Allowing lower tariffs for some of the essential food items, including rice, lentils and palm oil, could have ensured better supply in the market, discouraged hoarding practices, and kept the prices down.

At a time when robust exchange rate management is critical to ensure an optimum supply of foreign currencies, the support provided in the budget for boosting exports and foreign direct investment (FDI), the two key drivers of foreign currencies, has much improvement room.

Provisions proposed with regards to transfer to the special reserve, the increase in the effective tax rate on the contribution to Workers Profit Participation Fund, mandatory submission of tax returns for global

digital service providers like Facebook, Google, and Amazon, and the increase in source tax for exporters will decelerate FDI and export recoveries.

### M E A S U R E S BANGLADESH MUST CONSIDER

#### Monetary policy measures

**Effectively increase the interest rates:** There are marked anomalies between the policy rate, the deposit rate, and the lending rate. At present, depositors are getting an interest return lower than the inflation rate, which erodes their purchasing capacity.

#### Maintaining appropriate level of exchange rate:

Bangladesh's real effective exchange rate (REER) has been higher than nominal since the pandemic, indicating exports have been more expensive and imports cheaper relative to trading partners.

The official exchange rate fixed by the central bank also discourages remitters from bringing in foreign currency through banking channels due to the marked difference in rates between official and other channels. It is, thus, important to further devalue the currency after thoroughly assessing the exchange rate pass-through ratio to inflation and market difference.

#### Fiscal Policy Measures

**Social protection support for low-income groups:** The safety net should be increased effectively with minimum exclusion error and the benefits must reach those in need with

efficient monitoring and accountability in place in such trying times. Energy price increases should be delayed in order to keep inflation and inflation expectations in check despite this raising the budget deficit in the short run.

#### Reduction of tariffs and taxes on essentials:

If some consumer goods like palm and soybean oil, are all imported, it is important to temporarily eliminate tariffs or substantially reduce them, for both crude and refined, as an emergency measure, similar to India, and take other necessary steps to increase supplies from imports to keep the price level low.

The market should be signalled that the central bank is determined to relieve inflationary pressures as much as possible, even at the expense of GDP growth, to reduce future expectations of inflation.

#### Maintaining energy prices affordable for businesses and citizens:

It is critical that the Bangladesh Energy Regulatory Commission reconsiders its plan to hike industrial/business energy prices. Such an increase will exacerbate the adverse effect of already spiralling commodity and dollar prices on businesses and citizens, diminishing competitiveness and adding to the cost of living.

*The authors are, respectively, chairman of the Policy Exchange of Bangladesh and an economist.*



Romo Rouf Chowdhury, vice-chairman of Bank Asia, and Romana Rouf Chowdhury, director, hand over a cheque for Tk 10 crore to Ahmad Kaikaus, principal secretary to the prime minister, at Prime Minister's Office in Dhaka recently. The fund is meant for aiding flood-affected people through the Prime Minister's Relief and Welfare Fund. Prime Minister Sheikh Hasina joined the event virtually from Gono Bhaban.

PHOTO: BANK ASIA

## Bangladesh showing might

FROM PAGE B4

### Complexities other than rescue, repair

The CPA wanted to ship the export-laden containers by another vessel, but it could not do so as the vessel's Vietnam-based owning firm, Hai An Transport and Stevedoring Joint Stock Company, declared General Average (GA).

On April 28, the shipowner declared GA and appointed the Marine Claims Office of Asia Pte Ltd as the general average adjusters, said Samudera Shipping Line.

General Average is a long-established procedure in the maritime industry for distributing extraordinary losses and expenditures in a fair manner between the parties involved in case of a casualty, according to Danish shipping giant Maersk.

#### What experts say about the salvage work

The local salvage firm certainly did an excellent job by salvaging the badly damaged vessel, said Captain Md Anam Chowdhury, president of the Bangladesh Merchant Marine Officers' Association (BMMOA).

"If Prantik was not there, we would have had to bring expertise and logistics from abroad for rescuing

society.

It left the Karnaphuli Dry Dock for Singapore on June 21 and is expected to reach the destination by June 29, according to another statement by Samudera released on June 21.

Samudera also said Haian City has completed her temporary repairs and obtained approval for single voyage sailing to Singapore.

The ship is scheduled to depart Singapore after a full cargo discharge for permanent structural repair in a Dry Dock, the statement read.

#### Finally, back in action

Over two months after the accident, the ship got certified as seaworthy or fit for sea voyage by international classification

the vessel," he said.

Giving an example, the senior master mariner said around 10 years back, a huge vessel brought for scrapping ran aground at the outer anchorage of the port.

Modern heavy tugboats were needed to be brought from abroad to salvage the ship back then.

More than 15 salvage firms are currently engaged in salvage operations in inland water routes, he said.

"But only Prantik is doing salvage operations of oceangoing ships in Bangladesh," Chowdhury added.

The BMMOA president suggested the government give policy support to equip other salvage firms to be able to salvage oceangoing ships.

"The salvage operation not only saved the ship but also Tk 800 crore worth export cargoes from being wrecked, which could be an obstacle for navigation," said BSAA Chairman Syed Md Arif.





With traders and customers having to put themselves through a cumbersome and risky process of carrying large sums of money to and from cattle markets centring Eid-ul-Azha each year, Bangladesh Bank is facilitating digital payments at six haats in Dhaka this year in a bid to ease their sufferings.

PHOTO: STAR/FILE

# Six cattle markets to accept digital payments

MAHMUDUL HASAN

People in Bangladesh are yet to make a habit of buying cattle online for Eid-ul-Azha as trips to the market, where they can choose and haggle over their preferred animal, are a part of the festivities.

However, carrying large volumes of cash to and from cattle markets has always been a cumbersome and risky task for both traders and customers.

To give them respite, Bangladesh Bank is facilitating a digital payment system this year so that customers can physically visit cattle markets and buy their desired animal through electronic transactions.

Initially, the digital payment system will be introduced only at cattle markets in Dhaka so that customers in the capital can make payments through their bank's credit, debit or prepaid card, according to a central bank official.

In addition, payments through mobile financial service provider bKash will also be accepted.

Six commercial banks -- Bank Asia, Brac Bank, Eastern Bank, Islami Bank Bangladesh, Mutual Trust Bank, The

City Bank -- will facilitate these services at six cattle markets in Dhaka, namely those in the Gabtoli, Bosila, Aftabnagar, Bhatara, Uttara and Kawla areas.

However, only one bank will be present at each market. For example, Brac Bank is setting up a digital booth at the Uttara cattle market.

"We are doing this on a pilot basis but if it becomes successful, we will launch it full-scale from next year," he said.

The Bangladesh Bank official then informed that the pilot project is called "Smart Bangladesh, Smart Hut".

Cattle traders are often targeted by thieves as they usually leave the markets with hefty sums while even sending the money through traditional courier services incur heavy charges.

"So, we want to bring them under the banking network," he added.

Besides, traders will have the scope to open an account instantly as various banks will set up temporary booths at the cattle markets. Agent banking booths will also be present so that small traders can immediately deposit their money into an account even if they accepted cash from customers.

"This will bring many cattle traders

under the banking channel so they can receive payments securely," said Selim RF Hussain, managing director and chief executive officer of Brac Bank.

"This will propel the country's ambition of a cashless society," he added.

Ali Ahmmed, chief commercial officer of bKash, said the leading mobile financial service provider is working relentlessly to create a payment ecosystem through which customers at cattle markets will be able to make all necessary payments through their bKash account without any extra cost.

"At the same time, cattle traders will be able to receive payments in their merchant accounts in a secured way, avoiding all the risks of carrying cash or receiving fake notes," he said.

"The leasing authority of the cattle market will also be able to get the money in their bKash merchant account and that money can be transferred directly to their bank accounts," Ahmmed added.

According to the central bank official, international payment networks MasterCard and Visa are also cooperating in this regard.

"Physically going to buy sacrificial animals is a festivity for Bangladeshis

and so, we are extremely delighted as Bangladesh Bank with the support of Dhaka North City Corporation is introducing digital payments at six cattle markets in the capital," said Syed Mohammad Kamal, country manager of Mastercard.

Considering the sheer volume of transactions that takes place centring Eid-ul-Azha each year, it was only a matter of time before digital payment modes were made available in cattle markets.

"I am quite optimistic about the pilot project as it will provide crucial insights to enhance and expand the availability of digital payments in more cattle markets. So, Mastercard is a proud partner of this excellent initiative," he added.

The Ministry of Fisheries and Livestock and the Bangladesh Dairy Farmers Association also assisted in launching the pilot project.

About 9,093,242 cattle were sacrificed across the country last year, as per data from the Ministry of Fisheries and Livestock. Of this amount, about 387,579 cattle were sold online.

This year, about 20 makeshift cattle markets will be set up in Dhaka.

## NBFI chairs get more time to quit subsidiaries

STAR BUSINESS REPORT

The chairmen of the boards of non-bank financial institutions and their executive, audit and risk management committees who hold a directorial position in associated subsidiaries or foundations have been allowed to serve the latter until December.

The Bangladesh Bank issued a notice to this effect yesterday.

Last month, the central bank had instructed the chairmen of the board and various other committees of banks and NBFIs to resign from the board or committees of subsidiaries and foundations or secure exemption by June 30 this year.

Later, the BB softened its stance amid pressure from the influential directors of banks and permitted them on June 1 to hold the post till June next year.

It came after banks informed the central bank that it would be difficult to run the subsidiaries and foundations due to a lack of a skilled workforce.

## BASIS to promote local IT in Europe

STAR BUSINESS REPORT

The Bangladesh Association of Software and Information Services (BASIS) is set to promote local IT products and services in the European market.

A delegation of the top ICT trade body in collaboration with the Export Promotion Bureau (EPB) will visit four European countries -- Austria, Hungary, Slovakia and the United Kingdom -- from June 30 to July 6.

During their visit, they are likely to hold meetings with around 350 companies at different events to brand the local ICT industry's prowess.

BASIS President Russell T Ahmed, who will lead the delegation, revealed the information in a press conference at his office in Dhaka.

The Bangladesh High Commission in London, and Bangladesh Embassy and Permanent Mission in Vienna are also collaborating with BASIS for the events.

The delegation will also take part in the "Festival of Sourcing", a flagship event of the Global Sourcing Association, which will be held during July 5-6 in the UK.

"BASIS is going to set a new milestone by becoming the 'Headline Partner of this flagship event'," Ahmed said.

Samira Zuberi Himika, senior vice president at BASIS, said BASIS would promote their IT products and services in new European markets to help expand the presence of the local IT sector by participating in these events.

BASIS Director AKM Ahmedul Islam Babu, Chairman of the Advisory Standing Committee M Rashidul Hasan, and Chairman of the Standing Committee on International Market Development TIM Nurul Kabir were present at the media briefing.

## G7 takes aim at China over 'market-distorting' practices

AFP, Elmau Castle

G7 leaders on Tuesday condemned China's "non-transparent and market-distorting" international trade practices in an end-of-summit statement that hit out directly at Beijing for the first time.

The statement, which also pledged to reduce "strategic dependencies" on China, came hours before the leaders join a larger group of their counterparts at a NATO summit in Madrid.

There, the 30-member alliance was also poised to toughen its stance against Beijing in an update of its "strategic concept".

The United States has long cast a wary eye at China over its trade practices, which Washington believes are designed to accord an unfair advantage to Chinese companies over foreign firms.

Russia's invasion of Ukraine and Beijing's refusal to distance itself from Vladimir Putin has meanwhile prompted

other countries, including export giant Germany, to also reconsider their economic reliance on the Asian giant.

In their closing statement following a three-day summit in the Bavarian Alps, the G7 leaders signalled that they would seek to extricate themselves from economic dependence on China.

They vowed to "foster diversification and resilience to economic coercion, and to reduce strategic dependencies".

The leaders also voiced concern about human rights violations in China, urging Beijing to respect fundamental freedoms.

They stressed that the situation in Tibet, and in Xinjiang, where there is "forced labour", "is of major concern to us".

The statement also urged China to "honour its commitments" under the Sino-British Joint Declaration, in which Beijing agreed Hong Kong could keep some freedoms and autonomy for 50 years under a "One Country, Two Systems" model.

## US, Taiwan hold first round of trade talks

AFP, Washington

US and Taiwanese officials held the first round of trade talks on Monday under an initiative announced earlier this month that drew strong criticism from Beijing.

Deputy US Trade Representative Sarah Bianchi and Taiwan's top trade negotiator John Deng held the inaugural meeting of the US-Taiwan Initiative on 21st-Century Trade which aims to deepen ties between the two economies.

"This initiative will unlock market opportunities, promote innovation and create inclusive economic growth for our workers and businesses," Bianchi said in a statement.

Washington has said the scope of the talks is limited and in keeping with the "unofficial" relationship with Taipei.

But Beijing claims Taiwan as part of its territory and tries to keep it isolated on the world stage, bristling at any attempt to treat the self-governing democracy as an independent nation.

## 17 economic zones

FROM PAGE B1

to the Padma Bridge will not be sufficient, said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh, a private think-tank.

"The government and the private sector need to do homework to attract investments from home and abroad."

He pointed out that investors can immediately

make investments in three sectors -- agriculture, IT and logistics -- in the southwestern region.

This is because the region is an agricultural hub and Bangladesh can easily export IT products from Jashore to India thanks to the geographical proximity, he said, adding that the business process outsourcing sector can grow in the region.

## Profits drive cattle fattening

FROM PAGE 1

literate youths as beef prices jumped in the face of the plunge in the inflow of cattle from India.

For example, retail prices of beef shot up to Tk 400 per kilogramme in August 2015 in Dhaka city from Tk 280 to Tk 300 per kg in April of the same year.

"Many people invested in dairy farming after the cattle influx from India stopped," said Mohammad Shah Emran, general secretary of Bangladesh Dairy Farmers' Association (BDFA).

Besides, awareness and training on cattle farming by the BDFA through social media encouraged

many to sign up for dairy farming.

"We showed through social media how we did well; what we were doing. This gave a lot of impetus to this sector," he said.

Since then, beef prices have doubled in Dhaka.

Zeenat Sultana, deputy director (farms) of the DLS, said the department also provided training to farmers on rearing and fattening techniques. Better prices of beef are another reason behind the interest in fattening cattle, she said.

Jahangir Alam Khan, an agricultural economist, echoed her.

"The current prices

give guaranteed profit to growers. This has fuelled interest," he said.

Low-cost loan facilities provided by Bangladesh Bank also encouraged many people to take up dairy farming.

"We see a reflection of that during Eid-ul-Azha now. Several years ago, it was tough to meet the domestic requirement for sacrificial animals in absence of cattle from India," said Khan.

"Now local production meets our demand for Eid-ul-Azha," said Khan, also a former director general of Bangladesh Livestock Research Institute, Savar, Dhaka.



Md Nazmul Hassan, chairman of Islami Bank Bangladesh, hands over a cheque for Tk 10 crore to Ahmad Kaikaus, principal secretary to the prime minister, at Prime Minister's Office in Dhaka recently. The fund is for aiding flood-affected people through the Prime Minister's Relief and Welfare Fund. Prime Minister Sheikh Hasina joined the event virtually from the Gono Bhaban. Mohammed Monirul Molla, managing director of the bank, was present.

PHOTO: ISLAMI BANK BANGLADESH



Monzurur Rahman, chairman of Pubali Bank, hands over a cheque worth Tk 10 crore to Ahmad Kaikaus, principal secretary to the prime minister, at the PMO in Dhaka recently for flood-affected people. Safiul Alam Khan Chowdhury, managing director of the bank, was present.

PHOTO: PUBALI BANK



ATM Hayatuzzaman Khan, sponsor of Dhaka Bank, and Emranul Huq, managing director, hand over a cheque for Tk 10 crore to Ahmad Kaikaus, principal secretary to the prime minister, at the PMO recently for the flood-affected people. Prime Minister Sheikh Hasina joined the event virtually.

PHOTO: DHAKA BANK





MV Haian City, a Vietnam-flagged container vessel that was damaged because of a sideways collision with an oil tanker mid sea, leaves Chattogram port for Singapore on June 21 after necessary repair. PHOTO: COLLECTED

# Bangladesh showing might in marine salvage and repair

DWAIPAYAN BARUA

The Chittagong Port Authority (CPA) recently saved an oceangoing ship, which was severely damaged in a mid-sea accident that could have caused the loss of export cargoes worth Tk 800 crore and create an obstacle for navigation.

The CPA took timely and courageous steps to save the 172-metre container vessel after it tilted seven degrees following a sideways collision with another vessel.

So, the CPA, in cooperation with Prantik Bengal Salvage and Diving, completed the delicate task of bringing the ship back to shore for repair.

The collision also created huge holes in the vessel's hull that were repaired by diving underwater, another task that requires high skills.

The CPA has termed the whole operation a big achievement for the port as well as for Bangladesh as the job highlighted the port's capabilities to the global community and created a bright image worldwide.

## How did the accident happen?

MV Haian City, a Vietnam-flagged container vessel, left Chattogram port for Singapore in the morning of April 14 with 1,105 twenty-foot equivalent units (TEUs) of containers, including 718 TEUs export laden ones.

At around 10:30 am, the ship faced a sideways collision near Kutubdia, around 14 nautical miles off from Patenga Naval base.

MV Orion Express, a Bangladeshi inbound oil tanker, was the ship that had hit and created holes in the container vessel.

The oil tanker managed to arrive in



Chattogram on the same afternoon but Haian City had to anchor at sea as two of its cargo holds were flooded due to punctures in its hull.

**The rescue job and Prantik Bengal**  
After the accident, the vessel's owner and charterer firms sent survey teams to the spot to determine whether the damage could be repaired at sea.

But they had to discard the notion of on-the-spot repairs as it was risky to work on a ship that is tilted, said Rafique Uddin Ahmed, general manager of the ship's local agent Intermodal Pte Ltd.

The damaged ship was brought back around 20 days after the accident and later berthed at Karnaphuli Dry Dock on the southern part of Karnaphuli river.

Prantik Bengal played a major role in the five-hour salvage operation initiated by the CPA on May 4.

The salvage operation was rendered by six tug boats – four from the CPA and two from Prantik – along with two recovery and pollution control vessels of

the CPA.

Because of water in the ship's cargo holds, the draft of the vessel reached 11 metres, 1.5 metres higher than the permitted draft of 9.5 metres at the port jetties of Karnaphuli river, said Syed Md Arif, chairman of the Bangladesh Shipping Agents Association (BSAA).

Draft at the Karnaphuli Dry Dock on the southern part of the river was enhanced through dredging to berth the ship there, he said.

"Salvaging a damaged vessel carrying over 1,100 TEUs of containers and re-entering it into the port channel was a brave attempt," Arif added.

Salvaging the ship was a big challenge, but CPA Chairman Rear Admiral M Shahjahan made it happen, said Captain Faridul Alam, deputy conservator of the port authority.

Although the accident occurred during his Eid vacation, the CPA chairman was able to sense the threat and convened an emergency meeting

with senior port officials and the ship's local agent, its insurer P&I Club, Bangladesh Navy and Coast Guard and decided to bring it back.

"The vessel was in a dangerous position after the accident as it got tilted, posing a serious threat for ship movement to and from the country's premier port," Alam said.

"If the vessel sank at the bay, the whole ship movement passage for the port could have been blocked," he added.

## The underwater repair

It was reported that the vessel's cargo holds numbers 4 and 5 were flooded due to an underwater puncture in the hull and containers loaded in the cargo holds were affected, Samudera Shipping Line, the charterer of Haian City, said in a statement on April 19.

"Due to a lack of safe access, the extent of container damage cannot be determined. An investigation committee was formed under the Bangladesh Mercantile Marine Office to investigate the cause of the collision incident to assess losses and determine liabilities," it added.

The collision created a comparatively smaller hole on the portside shell plate, but the main damage was underwater, said Md Golam Sarwar, chairman of Prantik Bengal Salvage and Diving.

He said there was a big 22 feet by 26 feet hole on the hull.

The holes were fixed by welding a huge 33 feet by 40 feet steel patch by diving under water, Sarwar added.

The welding was complex, so the former marine engineer Sarwar got himself engaged in the salvage and underwater repair.

READ MORE ON B2

## Recipe to deal with economic challenges



M MASRUR REAZ and HASNAT ALAM

Inflation in many countries has been brewing for quite some time due to production disruptions and supply chain issues related to the Covid-19 pandemic.

The supply of numerous commodities and goods has been unresponsive to higher demand reflected in, among other factors, bottlenecks, rising shipping costs, delivery delays, and shortages of key production inputs such as computer chips.

Productions have gone down with many firms struggling to cope financially, putting pressure on the prices of essentials. Furthermore, the transport sector and the intra- and inter-country movement of commodities have disrupted the supply chains.

Global oil prices were already up by 77 per cent in January 2022 compared to December 2021.

With the economy on its way to recovery and a lot of pent-up demand for foreign goods and machinery, Bangladesh has experienced an import surge of around 46 per cent this fiscal year.

While 75 per cent of our import basket comprises raw materials, intermediate goods and capital goods meant for the productive sector, the high global prices have expectedly put more pressure on the consumers, who usually take the burden of cost hikes.

**While 75 per cent of our import basket comprises raw materials, intermediate goods and capital goods meant for the productive sector, the high global prices have expectedly put more pressure on the consumers, who usually take the burden of cost hikes**

Capital is flowing to the United States in pursuit of greater yields as the Federal Reserve tightens monetary policy by raising the key interest rates to combat inflation.

Most developing country currencies, including the Bangladeshi Taka, have lost substantial value in recent weeks in the face of a stronger dollar, potentially fueling additional imported inflation, increasing debt payment costs and increasing financial instability.

The ongoing conflict in Ukraine has further reinforced the surge of inflation. Shocks in global oil markets due to the sanctions on Russia have resulted in price hikes in the global market.

According to the World Bank, energy prices were more than four times higher in March 2022 compared to their April 2020 lows. Fertilizer prices rose by 220 per cent during the same period.

## IMPLICATIONS ON BANGLADESH'S ECONOMY AND BUSINESSES

Global inflation has adversely impacted food and energy prices globally, and Bangladesh is not immune to that. As Bangladesh is a petroleum-importing country, the increased prices of oil in the global market have directly impacted Bangladesh.

Food and transport have been adversely affected. Since the average food consumption constitutes more than 60 per cent of the total consumption expenditure of marginal households, increased food inflation in Bangladesh devastated their livelihoods.

READ MORE ON B2

## Russia fails to pay debt but denies default

AFP, Moscow

Russia said Monday that two of its debt payments were blocked from reaching creditors, pushing the country closer to its first foreign default in a century due to sanctions over the Ukraine offensive.

The announcement came on the 124th day of Russia's military intervention in Ukraine, with Western sanctions so far failing to force the Kremlin to change its course.

The Western economic penalties have largely severed the country from the international financial system, making it difficult for Moscow to service its debt.

The Russian authorities insist they have the funds to honour the country's debt, calling the predicament a "farce" and accusing the West of seeking to drive Moscow into a default artificially.

"There are no grounds to call this situation a default," Kremlin spokesman Dmitry Peskov told reporters after a key payment deadline expired Sunday.

"These claims about default, they are absolutely wrong," he said, adding that Russia settled the debt in May.

Russia lost the last avenue to service its foreign-currency loans after the United States removed an exemption last month that allowed US investors to receive Moscow's payments.

A 30-day grace period for the payment of \$100 million in interest payments expired on Sunday night, most of which had to be paid in foreign currency.

Russia had attempted to make the payments, but the finance ministry said Monday that the money had not been transferred to creditors.



A woman buys vegetables at a food market in Moscow. The Western economic penalties have largely severed Russia from the international financial system, making it difficult for the country to service its debt.

PHOTO: AFP/FILE

## G7 commits \$5b to tackle global food insecurity

REUTERS

The Group of Seven rich democracies will commit up to \$5 billion to improve global food security, a senior US official said, as the group responds to worries in developing nations about the threat of hunger triggered by war in Ukraine.

On the final day of the G7 summit in Germany, the official said that the United States would provide over half of that sum, which would go to efforts to fight hunger in 47 countries and to fund regional organisations.

The G7 is attempting to rally emerging countries, many with close ties to Russia, to oppose Russian President Vladimir Putin's invasion of Ukraine, and invited five major middle- and low-income democracies to the summit to win them over.