

# Star BUSINESS

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## CHALLENGES

- Containing high inflation
- Achieving GDP growth target
- Making lending rate cap flexible
- Restoring exchange rate stability
- Protecting forex reserves from shocks

**Special refinance schemes for the SME and farm sectors should be rolled out to keep the economy afloat.**

**Salehuddin Ahmed**, a former BB governor

## POSSIBLE WAYS OUT

- Lending interest rate cap should either be withdrawn or made flexible
- Ensuring efficient exchange rate management
- Subduing consumption in line with lower supply of goods
- Rolling out special refinance schemes for farm and SME sectors

### INFLATION: TARGET VS ACTUAL

In %; SOURCE: BB, \*TILL MAY

Fiscal Year	Target (%)	Actual (%)
FY14	7.5	7.5
FY15	7.0	7.0
FY16	6.5	6.5
FY17	6.0	6.0
FY18	5.5	5.5
FY19	5.5	5.5
FY20	5.5	5.5
FY21	5.5	5.5
FY22	5.5	5.5

## 3cr people in Bangladesh still unbanked: WB

MAHMUDUL HASAN

Despite its push for financial inclusion, Bangladesh has remained one of the top seven countries with a sizeable part of the population unbanked, according to a World Bank survey. About 30 million of its nearly 170 million people still do not have an account with a

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# Stabilisation need of the hour

Bangladesh Bank unveils monetary policy today

AKM ZAMIR UDDIN

Central banks globally are struggling to contain inflation even after raising their key interest rates. And although Bangladesh is experiencing a similar situation, the monetary instrument is largely ineffective in the country because of the 9 per cent lending cap.

Banks have been ordered to comply with the lending rate cap since April 2020 following the government instruction – a move that rendered the central bank's monetary policy statement (MPS) ineffective.

The issue has come to the fore again as the Bangladesh Bank is set to unveil its MPS for the next fiscal year, starting from July 1.

The urgency to reverse the course is ringing louder as higher inflation, which rose to an eight-year high in May, is pummeling households.

A number of officials say the BB is finding it difficult to come up with appropriate tools to address the soaring inflation.

Almost all countries are fighting higher consumer prices, largely caused by abnormally high commodity prices and supply bottlenecks owing to the Russia-Ukraine war. This forced central banks around the world to take a contractionary monetary policy with a view to tightening the money supply.

For instance, the Federal Reserves, the central bank

of the United States, hiked the key interest rate by 75 basis points, the steepest climb since 1994, on June 15. The rate is expected to see a further rise.

On June 8, India's central bank raised rates for the second time in as many months.



Other central banks also following a similar path.

In a welcoming move, the BB hiked the policy rate 25 basis points to 5 per cent on May 29, but it frustratingly kept the lending rate unchanged. As a result, the rate hike has hardly brought any positive output to the economy.

The key interest rate, also known as the policy rate, is followed by commercial banks to set the interest rates on both loans and deposits. A spike in policy rates makes loans expensive.

Because of the existing lending rate ceiling in

Bangladesh, the appetite for loans from businesses has not diminished despite the escalation in cost of production. A number of central bankers working on drawing up the MPS say that the political economy is dominating the monetary economy in Bangladesh, so the BB's task to contain inflation has become even more challenging than in other nations.

If there is no lending rate cap, the interest rate on all loans, including those for import financing, will increase automatically, said a central banker.

A hike in the lending rate would go on to reduce import payments, the biggest driver of higher consumer prices in Bangladesh. This will ultimately stop the depletion of foreign exchange reserves.

Under the current circumstances, the BB might make the lending rate cap flexible so as to reduce the money supply further.

The country's major macro-economic indicators such as inflation, imports, remittance, trade deficit and current account balance are all now in a stressed condition. The latest floods have added further woes.

"So, the new MPS will face an uphill task in order to bring back stability to the macroeconomy," said a senior central banker.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, argues in favour of squeezing consumption at any cost in keeping up with the supply shortage of goods.

READ MORE ON B3

financial institution or mobile money platform, it said.

The international financial institution published "The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19" yesterday.

Of the world's 1.4 billion unbanked population, over half or 740 million comes from seven economies, including China, India, Pakistan and

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### STOCKS

DSEX ▲	CASPI ▲
0.12%	0.14%
6,350.46	18,690.49

### COMMODITIES

Gold ▼	Oil ▲
\$1,816.8	\$112.96
(per ounce)	(per barrel)

### ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.28%	▼ 0.91%	▼ 0.17%	▼ 1.40%
53,026.97	26,804.60	3,134.87	3,361.52

Salt stock sufficient, no possibility of crisis, say millers: B3  
Mango exports hit five-year high: B4

## WB FUNDS Bangladesh gets \$753m for trade, connectivity

STAR BUSINESS REPORT

The World Bank yesterday approved a \$1.03 billion financing to help improve regional trade in Bangladesh and Nepal by reducing trade and transport costs and transit time along the regional corridors.

The Accelerating Transport and Trade Connectivity in Eastern South Asia (ACCESS) Programme Phase-1 will help the governments address the key barriers to regional trade – manual and paper-based trade processes, inadequate transport and trade infrastructure, and restrictive trade and transport regulations and processes.

The Phase-1 will help replace lengthy manual and paper-based trade processes with digitalised automated solutions in Bangladesh and Nepal, said the WB in a press release.

The automation will enable faster border crossing times and install electronic tracking of truck entry and exit, electronic queuing, and smart parking.

The programme will also help improve selected road corridors and upgrade key land ports and custom infrastructure while ensuring a green and climate-resilient construction. It will help the integration of landlocked Nepal

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## Getting Stronger...

Rating	Long Term	Short Term
Credit Rating 2022	AA-	ST-2
Credit Rating 2021	A+	ST-3

Credit Rating Information and Services Limited (CRISL) has upgraded the entity rating of Lankan Alliance Finance Limited to "AA-" and short term rating to "ST-2", valid till 7 June 2023.

The rating has been awarded on the basis of an in-depth analysis of the operational and financial performance of the NBF1 (based on audited financial statements of the year ending 31 December 2021).

## CREDIT RATING

Credit Rating	2021	2020	Interpretation
Long Term	A+	A+	Above average credit quality
Short Term	ST-2	ST-2	Above average ability to meet short term financial commitments.
Outlook	Stable	Stable	Indicates that a rating is likely to remain unchanged.
Date of Rating	16 June, 2022	17 June, 2021	—
Validity of Rating	15 June, 2023	16 June, 2022	—

Rating by: Alpha Credit Rating Limited  
Union Bank Limited thanks to its all valued stakeholders for making it happen. We are upbeat of further upswing of our rating in future.

## 20th Bangladesh Business Awards

DHL The Daily Star

### BRIDGE TO PROSPERITY

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### CALL FOR NOMINATIONS

The categories are:

Enterprise of the Year 2021	Business Person of the Year 2021
Best Financial Institution of the Year 2021	Outstanding Woman in Business of the Year 2021

Last date for submitting nominations is July 5, 2022.

For the 20th time, we are going to honour individuals and organizations for their outstanding contribution to business and the economic growth of Bangladesh. Your valuable nomination will help us select the right nominees.

For further details please log on to our website:  
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You can submit nominations via e-mail to:  
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Contact:  
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Showkath Roy, Phone: +88-09610-222-322. Ext.509





Discarded plastic materials collected by waste pickers being sorted based on colour and grade at a recycling facility by the Natore-Bogura regional highway in Jamtoli of Natore's Singra upazila. These will be shredded and washed prior to being turned into plastic pellets through a melting and compression process, and ready to be moulded into a new product. The photo was taken on Monday.

PHOTO: MOSTAFA SHABUJ

# Stocks up for third day amid lower turnover

## STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange (DSE) ended in positive territory for the third consecutive day yesterday despite lower turnover.

The DSEX, the benchmark index of the premier bourse in Bangladesh, added 7.87 points, or 0.12 per cent, to close at 6,350.46.

The DSES Index, which comprises the Shariah-based companies, was down 0.01 per cent to 1,385.40, while the DS30 Index, which represents the best-performing shares, gained 0.02 per cent to 2,295.18.

Losers outnumbered gainers, with 157 securities advancing, 172 declining and 52 remaining unchanged.

Shares on the premier exchange posted modest gain after choppy trading as investors showed interest in the lucrative stocks, said International Leasing Securities Ltd in its daily

market review.

Some investors are concerned about rising inflation and the exchange rate volatility and are worried that an increase in the lending rate can hamper the money flow to the capital market.

The concerns have deepened as the central bank is going to unveil the monetary policy statement for the upcoming fiscal year today. The case for lifting the lending rate, which has been capped at 9 per cent since April 2020, has strengthened as inflation is rising rapidly.

Among the sectors, paper, jute and bank achieved the highest price appreciation, whereas ceramic and services suffered the most correction.

Investors' activities were mainly focused on the engineering sector, which accounted for 15 per cent of the day's total turnover, followed by textile at 14 per cent and pharmaceuticals at

**Some investors are concerned about rising inflation and the exchange rate volatility and are worried that an increase in the lending rate can hamper the money flow to the capital market**

13.4 per cent.

Anwar Galvanizing was the most-traded stock on the DSE, with its shares worth Tk 34.34 crore transacted.

Shinepukur Ceramics, Bangladesh Export Import Company, Bangladesh Finance, Fu Wang Food and Orion Pharma also saw significant trading activities.

Meghna Insurance Company surged 9.78 per cent to become the biggest

gainer on the day, followed by Intraco Refueling Station, up 9.62 per cent and Ambee Pharmaceuticals, an increase of 8.74 per cent.

Progressive Life Insurance suffered the worst fall, losing 1.99 per cent. Janata Insurance Company, Desh Garments, Savar Refractories, Bangas, Fortune Shoes, Dalfodil Computers, and Rupali Insurance Company fell by more than 1.9 per cent.

Turnover fell to Tk 805 crore from Tk 818 crore on Tuesday.

Shares on the Chittagong Stock Exchange also rose.

The CASPI, the key index, ended at 18,690.49, up 26.83 points, or 0.14 per cent.

Of the issues, 116 were up, 135 were down and 48 did not see any price movement.

Turnover went down by more than 66 per cent to Tk 20.38 crore compared to a day ago. On Tuesday, it was Tk 60.37 crore.

## Dhaka Bank re-elects chair

### STAR BUSINESS DESK

Dhaka Bank has recently re-elected the chairman of its board of directors.

The official, Abdul Hai Sarker, is also the bank's founding chairman and chairman of Purbani Group, said a press release.



He is the former vice-chairman of the Bangladesh Association of Banks, former president of Bangladesh Textile Mills Association, and a former director of the Federation of Bangladesh Chambers of Commerce and Industry.

He obtained a master's degree in commerce from the University of Dhaka.

## Bida to use ICAB doc verification

### STAR BUSINESS DESK

Bangladesh Investment Development Authority (Bida) and the Institute of Chartered Accountants of Bangladesh (ICAB) have signed a memorandum of understanding recently, enabling Bida to use a document verification system of the ICAB to verify the authenticity of audited financial statements of different entities.

The ICAB has similar arrangements with the National Board of Revenue, Financial Reporting Council, Bangladesh; Bangladesh Securities and Exchange Commission, NGOs Affairs Bureau and the Registrar of Joint Stock Companies and Firms.

Md Shahadat Hossain, president of the ICAB, and Mohsina Yasmin, executive member for international investment promotion at Bida, inked the deal at the latter's office in Dhaka, said a press release.

Md Sirazul Islam, executive chairman of Bida, Shah Mohammad Mahboob, director general, and Fouzia Haque, vice-president of the ICAB, were present.

## H&M profits, sales beat forecast

### AFP, Stockholm

Swedish fashion retailer H&M posted stronger-than-expected sales and profits in the second quarter on Wednesday as shoppers splurged in stores and online.

The company, however, warned that "many challenges remain", including soaring global inflation, supply chain bottlenecks and Russia's invasion of Ukraine.

H&M's net profit soared by 33 per cent to 3.7 billion Swedish kronor (\$364 million) between March and May compared to the same period last year, while sales surged 17 per cent to 54.5 billion Swedish kronor despite stopping sales in Russia, Ukraine and Belarus.



Alamgir Kabir, chairman of Southeast Bank, hands over a cheque for Tk 10 crore to Ahmad Kaikaus, principal secretary to the prime minister, at the Prime Minister's Office in Dhaka recently. The fund is meant for aiding the flood-affected people through the Prime Minister's Relief and Welfare Fund. Prime Minister Sheikh Hasina joined the event virtually from the Gono Bhaban. M Kamal Hossain, managing director of the bank, was present.

PHOTO: SOUTHEAST BANK



Anisuzzaman Chowdhury Ronny, chairman of the executive committee of United Commercial Bank, hands over a cheque worth Tk 10 crore to Ahmad Kaikaus, principal secretary to the prime minister, at the Prime Minister's Office in Dhaka recently for aiding the flood-affected people. Prime Minister Sheikh Hasina joined the event virtually from the Gono Bhaban. Asifuzzaman Chowdhury, director of the bank, was present.

PHOTO: UNITED COMMERCIAL BANK



Md Mahbub Ul Alam, chairman of Social Islami Bank, and Abu Reza Md Yeahia, managing director, hand over a cheque for Tk 10 crore to Ahmad Kaikaus, principal secretary to the prime minister, for the flood-affected people of the country at Prime Minister's Office in Dhaka recently. Prime Minister Sheikh Hasina attended the event virtually from the Gono Bhaban.

PHOTO: SOCIAL ISLAMI BANK

## Naogaon emerges as mango export hub

### FROM PAGE 4

However, the case is different this year and so, Bangladesh's export progress is lower now compared to recent years, he added.

Farmers in Naogaon cultivated mangos on 29,475 hectares of land and expect yields of more than 3.68 lakh tonnes this season, as per DAE data.

Regarding export potential, AKM Monjure Maula, deputy director of the Naogaon DAE, said exporting mangos is a bit difficult for various reasons.

"We have to start good agriculture practice first with record keeping and maintain personal hygiene," he added.

"We need to establish a quarantine lab nearby but despite the many difficulties, including transportation issues, we are hopeful to export more mangos from the district."

Meanwhile, mangos were cultivated on some 2,211 hectares of land

across six upazilas under Jhenaidah in the 2020-21 season while it was 2,882 hectares in 2019-20, DAE data shows.

Of the total land cultivated, Jhenaidah sadar upazila contributed 580 hectares while Shailakupa upazila accounted for 25 hectares, Harinakundo upazila 26 hectares, Moheshpur upazila 500 hectares, Kotchandpur upazila 710 hectares and Kaliganj upazila 370 hectares.

The mangos grown in the district travel to Singapore, Malaysia and some European countries.

There are 200 local mango traders in Kotchandpur upazila, where there are go-downs for the fruit.

DAE sources said about 60 college and university students and 800 other people work on local farms every day. Students can earn Tk 1,000 per day while the other workers earn Tk 1,400 per day.

## Mango exports

### FROM PAGE B4

The plant uses a method of heating fruit with air saturated with water vapour at temperatures of 40-50°C to kill insect eggs and larvae as a quarantine treatment before shipment.

There is an effort to develop chambers to ripen mangoes by applying ethylene, said Hannan.

Bangladesh exported 4,352 tonnes of fresh

fruits in 2020-21, fetching \$580,000, according to data from the Hortex Foundation.

The volume is insignificant when it comes to mango production.

Twenty-five lakh tonnes of mangos were produced on 2 lakh hectares of land across Bangladesh in 2021, making the country one of the top producers of the fruit in the world.



Faruq Mayeenuddin Ahmed, director of Brac Bank, handed over a pay order worth 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 the Gono Bhaban. M Masud Rana, deputy managing director of the bank, was present.

PHOTO: BRAC BANK



Md Wakiluddin, chairman of Mutual Trust Bank, hands over a cheque bearing a donation worth Tk 10 crore to Ahmad Kaikaus, principal secretary to the prime minister, at the Prime Minister's Office in Dhaka recently. The fund is meant for aiding the flood-affected people through the Prime Minister's Relief and Welfare Fund. Prime Minister Sheikh Hasina joined the event virtually from the Gono Bhaban.

PHOTO: MUTUAL TRUST BANK



SM Mahfuzur Rahman, chairman of the board of directors of Janata Bank, presides over its 15th annual general meeting at its head office in Motijheel, Dhaka recently. Mofiz Uddin Ahmed, additional secretary to Financial Institutions Division at the finance ministry, and Md Abdus Salam Azad, managing director of the bank, were also present.

PHOTO: JANATA BANK





A man is working at a salt farm in Cox's Bazar. Bangladesh currently has 3.5 lakh tonnes of salt, which is more than four times the 60,000 to 70,000 tonnes required by tanneries during the time of Eid-ul-Azha. PHOTO: COLLECTED

# Salt stock sufficient, no possibility of crisis: millers

## STAR BUSINESS REPORT

There is no possibility of a salt crisis for leather processing in the upcoming peak season spanning three months after Eid-ul-Azha as the country has a sufficient amount in stock, according to industry people.

Approximately 1.21 lakh heads of cattle, including bulls, buffalos, goats and lambs, have been prepared for sacrifice during this year's Eid-ul-Azha, after which tanners collect the leftover hides that make up about 50 per cent of their annual supply.

Bangladesh currently has 3.5 lakh tonnes of salt, which is more than four times the 60,000 to 70,000 tonnes required by tanneries following the major religious festival for the country's Muslim community.

Besides, even if the price of salt increases in the coming days, the increment will not exceed Tk 1 per kilogramme (kg), they said.

The Directorate of National Consumers Right Protection (DNCRP)

yesterday arranged a view exchange meeting between leather businesses and salt traders in Dhaka's Karwan Bazar in order to maintain adequate supplies of the mineral and keep prices normal ahead of Eid.

Salting is one of the most important steps in tanning as it keeps rawhides from decaying.

Nurul Kabir, president of the Bangladesh Salt Mill Owners Association, said quality salt used for leather processing is being sold at Tk 1,050 per sack weighing 75 kgs while the same amount of the slightly poorer quality is being sold for Tk 920.

"The government has allowed the import of 1.5 lakh tonnes of salt and so, there is no chance for a crisis," he said.

"Salt prices are slightly higher now as tannery owners are stocking up ahead of Eid," Kabir added.

In Narayanganj's Nitaiganj, a wholesale hub for salt, the price of each 75 kg sack of unrefined salt has gone up by Tk 100-150 to between Tk 1,080 and Tk 1,150 over the past month.

Aftab Khan, chairman of the Bangladesh Hide and Skin Merchants Association, said tanners should follow relevant guidelines regarding the hide preservation process.

"So, we have given instructions to traders to store them accordingly after purchase so that the hides are not damaged," he said.

Khan went on to say that rawhide prices are slightly higher now compared to the last Eid-ul-Azha season.

"I can say in advance that business will be better this time but as salt prices are a bit higher, we want support from traders in this regard," Khan added.

AHM Shafiquzzaman, director general of the DNCRP, said action would be taken as per the law against those who raise salt prices without cause.

"We have come to know that tannery owners have already collected 80-85 per cent of the salt they require for the next three months and so, there should not be a shortage in the available reserves," he said.

However, activities are still ongoing to

ensure that prices remain stable during Eid. For example, cases will be filed against those responsible if there is any price manipulation in the salt market centring the tanning industry.

"Rawhides of sacrificial animals are a national asset. So, the DNCRP drive to preserve hides will be strict this time," Shafiquzzaman added.

Last year, rawhide traders were forced to either dump, bury or burn huge amounts of the main raw material for leather as they had gone rotten for a lack of salt.

"But this will not happen in the upcoming Eid-ul-Azha," the DNCRP director general said.

Rawhide traders aim to collect around one crore cattle skins from this Eid season, according to the Bangladesh Tanners Association.

About 18.30 lakh tonnes of salt have been produced as of the second week of May, as per data from the Bangladesh Small and Cottage Industries Corporation.

The salt production season runs from November to May each year.

## Local firm to invest \$8.5m in Uttara EPZ

### STAR BUSINESS REPORT

Bangladeshi company Texas Clothing Ltd is going to establish a garments factory in Uttara Export Processing Zone (EPZ) in the northwest district Nilphamari by investing \$8.5 million.

Bangladesh Export Processing Zones Authority (Bepza) and Texas Clothing signed an agreement in this regard at Bepza Complex in Dhaka yesterday.

Ali Reza Mazid, member for investment promotion at Bepza, and Md Forhad Hossain, managing director of Texas Clothing, inked a deal in this regard.

Bepza Executive Chairman Major General Abul Kalam Mohammad Ziaur Rahman was present.

The company will produce annually 70 lakh pieces of different garment items like woven shirt, denim pant, twill pant, jacket and woven bottom. The factory is expected to create employment opportunity for 1,450 Bangladeshi nationals, the Bepza said in a statement.

## Range Rover sees highest bid of Tk 53 lakh in auction

### STAR BUSINESS REPORT

A 2006 model Range Rover attracted the highest bid of Tk 53 lakh at the Chattogram Custom House's attempt to auction off 108 cars.

Chattogram-based trading company Farzana Trading offered the price for the 4197cc car, the reserve value of which was Tk 4.31 crore.

Luxury vehicles of different brands, including BMW, Land Rover, Mitsubishi, Mercedes and Lexus, were also up for auction, according to the list of the highest bidders.

The auction started on June 13 and it ended on June 21 where over 1,000 bidders took part. The customs house published the list of the highest bidders on the concluding day.

The second highest bid for another 2005 model Range Rover was Tk 45 lakh. Dhaka-based company Nawshi International Ltd offered the price for the 4197cc car.

The reserve value of the 2005 model Range Rover was about Tk 3.46 crore. The lowest bid in the auction was for a 1834cc 2000 model Mitsubishi mini jeep car.

## US consumer confidence falls

### AFP, Washington

Americans' feelings about the economy slumped further in June after falling sharply the month before amid concerns over skyrocketing inflation, according to a survey released Tuesday.

Amid the fastest increase in US consumer prices in more than four decades, made worse by the war in Ukraine, the consumer confidence index fell to 98.7 from 103.2, its lowest level since February 2021, according to The Conference Board's monthly survey.

## Bangladesh gets \$753m

FROM PAGE B1  
of landlocked Nepal and Bhutan with the gateway countries of Bangladesh and India.

Regional trade offers enormous untapped potential for the countries of South Asia. But regional trade accounts for only 5 per cent of South Asia's total trade, while in East Asia, it accounts for 50 per cent.

"South Asia can boost economic growth significantly and create opportunities for millions of people by increasing regional trade and connectivity," said Hartwig Schafer, vice president of the WB for South Asia.

On the Bangladesh

side, the \$753.45 million ACCESS Project will upgrade the 43km two-lane Sylhet-Charkai Sheola road to a climate-resilient four-lane road, connecting the Sheola Land Port with the Dhaka Sylhet Highway. This will cut down travel time by 30 per cent.

The project will support digital systems, infrastructure, and more streamlined processes at Benapole, Bhomra, and Burimari land ports, the three largest land ports in Bangladesh handling approximately 80 per cent of land-based trade.

It will also support the modernisation of the Chattogram customs

house, which handles 90 per cent of all import and export declarations in Bangladesh.

While the trade between Bangladesh, Bhutan, India, and Nepal grew six times from 2015 to 2019, the unexploited potential for regional trade is estimated at 93 per cent for Bangladesh, said Mercy Tembon, country director of the WB for Bangladesh and Bhutan.

"The project will help Bangladesh improve regional trade and transport and automation of processes will build resilience to crises like the Covid-19 pandemic."

On the Nepal side, the

\$275 million ACCESS Project will upgrade the 69km two-lane Butwal-Goringhe-Chanauta road, along the East-West Highway, to a climate-resilient four-lane highway. This is expected to reduce travel time by 30 per cent, thus providing better access to India's western seaports.

"Nepal has large untapped potential for regional trade and exports. Low regional trade is often a result of the high cost of connectivity," said Faris Hadad-Zervos, country director of the WB for the Maldives, Nepal and Sri Lanka.

The programme will also help advance Bangladesh and

Nepal's preparedness and subsequent implementation of the Motor Vehicle Agreement. The second phase of the programme will include Bhutan.

"A key focus of the ACCESS programme is to support solutions that can most effectively reduce dwell times at trade gateways, which is vital to lowering trade costs. This entails greater border cooperation and coordination within and between countries, cutting down the physical inspection of goods, and simplifying regulations and processes," said Erik Nora, task team leader of the programme.



Showkat Hossain, director of Union Bank, and ABM Mokammel Hoque Chowdhury, managing director, hand over a cheque worth Tk 10 crore to Ahmad Kaikaus, principal secretary to the prime minister, for the flood-affected people of the country at the Prime Minister's Office in Dhaka recently. Prime Minister Sheikh Hasina attended the event virtually from the Gono Bhaban. PHOTO: UNION BANK

## Stabilisation need of the hour

FROM PAGE B1  
Inflation, which surged to an eight-year high of 7.42 per cent in May, will be tackled if import payments are restrained, he said.

"A disaster will hit the economy if the central bank tries to keep the cheap money available in the market," he warned.

The former official of the International Monetary Fund says nobody has thought six months ago that Bangladesh's foreign exchange regime would face the crisis it currently experiencing.

"The situation will worsen after six months if the central bank continues to follow the ongoing relaxed monetary programmes."

Credit growth to the private sector, which stood at 12.94 per cent in May against the full fiscal-year target of 14.8 per cent, will have to be contained, according to Mansur.

"Now is not the time for pursuing higher GDP

growth. Rather, we all should pay attention to restoring macroeconomic stability."

Monzur Hossain, research director of the Bangladesh Institute of Development Studies, said higher import payments have already left an adverse impact on the foreign exchange reserves.

Between July and April, imports went up by 41 per cent to \$68.66 billion, bringing the reserves down to \$41.7 billion on June 28, whereas it was \$46.15 billion on December 31.

"The central bank should take measures to restore stability in the foreign exchange market," Hossain said.

Salehuddin Ahmed, a former governor of the BB, urged the central bank to ensure the money supply to the productive sectors.

"Special refinance schemes for the small and medium enterprises and the agriculture sector should be rolled out to

keep the economy afloat," he said.

"Such money supply will help generate jobs and give a breathing space to the public as they fight against a spike in inflation."

Mustafa K Mujeri, a former chief economist of the BB, said although there is some excess demand in the economy, the inflation is largely cost-push, led by food inflation.

"Under the current circumstances, demand management by using the policy rate and the bank interest rate will not be that effective to contain inflation. The main task should be to find a balance between demand management and maintaining the recovery effort and growth momentum."

He urged the central bank to ensure a smooth import of essential commodities and encourage finding alternative sources of imports to tackle the price hike.

## 3cr people in Bangladesh

FROM PAGE B1  
Bangladesh, according to the report.

About 53 per cent of the adult population in Bangladesh had an account in 2021, up from 50 per cent in 2017, when the preceding World Bank report was published.

Some 43 per cent women and 49 per cent of poor adults had an account in 2021 as per the report.

The gender gap in the use of digital payments by account owners varies substantially across developing economies.

In six economies, including four in South Asia, it reaches double digits. In India and Sri Lanka, countries with no gender gap in

account ownership, it is 17 percentage points and 18 percentage points respectively.

Bangladesh and Nigeria have large gender gaps in the use of digital payments, at 15 percentage points and 16 percentage points respectively, on top of a gender gap in account ownership of about 20 percentage points.

However, gender gaps have decreased despite the lack of growth in overall account ownership.

Bangladesh, for example, showed no growth in overall account ownership between 2017 and 2021, although the growth in mobile money accounts of women

narrowed the gender gap to 19 percentage points.

Similarly, Pakistan saw its gender gap narrow from 28 percentage points to 15 percentage points, despite a flat overall account ownership.

In developing economies such as Bangladesh, India and Malaysia, there is virtually no difference in account ownership between adults living in urban and rural areas.

However, Bangladesh saw increases in mobile money account ownership from 2017 to 2021, with 69 per cent of unbanked adults having a mobile phone.

In South Asia, for example, women are 22 percentage points less

likely than men to have a mobile phone.

India and Bangladesh are near the South Asian average, with gaps in mobile ownership of 19 percentage points and 20 percentage points respectively. In Pakistan, women are half as likely as men to have a mobile phone.

A field experiment in Bangladesh found that factory workers saved more when they received their wages through direct deposit. But there was no such effect for the control groups paid in cash, said the report.

Citing a recent study, the WB report said the shifting of education subsidies from cash to digital channels had an





Farmers in Naogaon and Jhenaidah have started using a special growing method involving fruit bags to ensure high quality mangoes for export. However, lower yields compared to that of the 2021 season coupled with increased carrying costs could dash their hopes for higher earnings. The picture was taken from a farm in Sapahar upazila of Naogaon recently.

PHOTO: MOSTAFA SHABUJ

# Naogaon emerges as major mango export hub

Local traders aim for higher exports despite lower yields

MOSTAFA SHABUJ and AZIBOR RAHMAN

Naogaon has joined the ranks of Rajshahi, Chapainawabganj and Dinajpur as a major export hub for mangoes with locally grown varieties of the fruit now making their way abroad after satisfying domestic demand.

As such, mango growers and exporters in the district are eyeing bigger shipments this year despite registering lower yields compared to that of 2021 due to unfavourable weather conditions alongside spiralling global inflation amid the Russia-Ukraine war.

Naogaon is now the top mango producing district in the country followed by Chapainawabganj and

The average quality of mangoes grown through traditional methods in the region are selling for Tk 2,000 to Tk 3,000 per maund (roughly 37 kilograms) while the best quality mangoes are selling for Tk 3,000 to Tk 4,500 per maund, according to local farmers.

They also informed that it costs between Tk 30,000 and Tk 40,000 to produce the fruit on each bigha of land.

Md Sohel Rana, owner of the Rupgram Agro Farm in the district's Sapahar upazila, cultivated mangoes on around 150 bighas of land, including the Amrupali and Langra varieties.

Rana, who also provides agro-tourism services at his farm, said he used fruit bags on the mangoes grown on about 50 bighas of land in order to ensure higher quality for export.

The special method of growing

mangoes inside multi-layered bags with wax on the outer surface protects the fruit from pests, rain and even hailstorms with their ability to withstand wind speeds of up to 65 kilometres per hour before being blown away.

"I have already shipped five tonnes of mangoes this year through various exporters, including North Bengal Agro," he said.

**"We need to use the bagging method to grow export quality mangoes but the process is expensive — almost double the normal cost."**

Rana had exported a total of eight tonnes of mangoes to England, the Netherlands and Sweden in 2021.

"We need to use the bagging method to grow export quality mangoes but the process is expensive as it costs Tk 30,000 per bigha, which is almost double the normal production cost," he added.

Rana went on to say the import duty on fruit bags is more than 50 per cent.

"But farmers would be more interested in using the method to produce quality fruits without using pesticides if the government reduced this charge," he said.

Farmers in Naogaon typically export mangoes through exporters as they lack the financial capacity, expertise and

facilities to make direct shipments.

However, this means that exporters enjoy the 25 per cent government incentive on outgoing shipments rather than the farmers.

"If the government can distribute the 25 per cent export incentives among exporters and farmers, then we would be more interested to grow safe fruits for earning foreign currency," Rana added.

Hafizur Rahman, another farmer of Sapahar upazila who cultivated mangoes on 70 bighas of land, said he has sent three tonnes of the fruit to the UK so far this year.

"I contacted the Fresh Food Trading Corporation to export more of mangoes but they are yet to ask for a good amount," he added.

Md Moniruzzaman, agriculture officer of Sapahar upazila, said there are currently around 20,000 farmers growing mangoes on 9,250 hectares of land collectively.

Many of them are producing export quality mangoes but some have lost hope in this regard as the related expenditure of growing high-quality varieties is too high to turn a profit.

Rajib Bose, additional deputy director of the district's Central Pack House under the Plant Quarantine Wing of the Department of Agricultural Extension (DAE), said nearly 14 varieties of mangoes, including Gopalbhog, Langra, Himsagar and Fazli, are being cultivated in the region.

"Around 800 tonnes of mangoes were exported to the UK and European Union last year while about 435 tonnes

have been exported to the same destinations so far this year," he told The Daily Star.

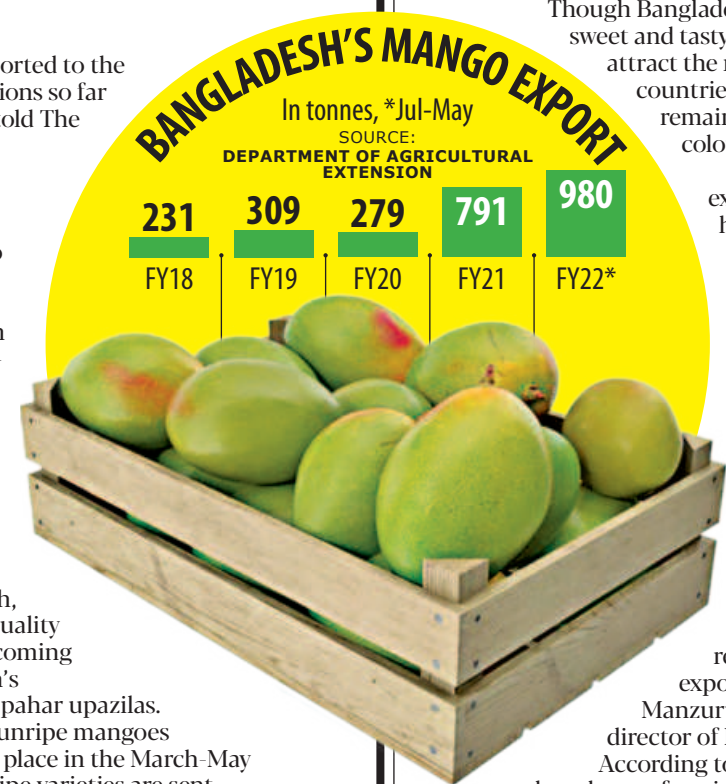
There are around 20-25 seasonal exporters who previously collected mangoes from the Chapainawabganj, Rajshahi, Naogaon, Jhenaidah, Jessore, Satkhira and Mujibnagar districts.

Now though, most export quality mangoes are coming from Naogaon's Porsha and Sapahar upazilas.

Exports of unripe mangoes normally take place in the March-May period while ripe varieties are sent abroad between June and August.

"Exports seem slower this year as prices are high in local markets due to low yields for bad weather while the increased carrying costs resulting from global inflation generated by the Russia-Ukraine war are also to blame," Bose said.

The Covid-19 situation was so bad in India last year that they could not export mangoes amid a nationwide economic shutdown.



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## Mango exports hit five-year high

SOHEL PARVEZ

Mango exports from Bangladesh touched a new high in the outgoing fiscal year thanks to increasing interest among growers and exporters to ship the juicy fruits abroad, official figures showed.

Between July and May of 2021-22, exporters air-shipped 980 tonnes of mango, up 24 per cent year-on-year, according to data from the Plant Quarantine Wing (PQW) of the Department of Agricultural Extension.

The volume is the highest in five years and officials said the total amount would grow further since mangoes are shipped abroad.

Mango exports stood at 790 tonnes during the entire fiscal year of 2020-21.

"We expect the overall shipment of mangoes to surpass last year's total," said Md Rezaul Karim, deputy director of the PQW, which issues plant health certificates for exports.

The overseas sales of the popular fruit have gone up in recent years as the agriculture ministry has been encouraging exporters to sell it in the international markets. It has taken several measures, including providing training to farmers to produce quality mangoes.

There is a lot of demand for the summer fruit grown in Bangladesh among the consumers in India, Nepal, Sri Lanka and the Philippines apart from the Bangladeshis abroad, said Mohammed Mansur, general secretary of the Bangladesh Fruits, Vegetables and Allied Products Exporters' Association.

"The taste of mangoes produced in Bangladesh is unparalleled. So, the consumers who get the taste of our mangoes look for it again. Our mangoes have selected customers. Nowadays, we see that Arabs are consuming Bangladesh's mangoes."

Mansur mainly exports fruits and vegetables to the Middle East. His firm has exported 100 tonnes of mangoes this summer.

A good quantity of mangoes is exported from Bangladesh to the United Kingdom, Italy, Germany, France, Sweden and Canada.

Mango exports are not without challenges.

Though Bangladesh's mangoes are sweet and tasty, the fruit does not attract the nationals of other countries since ripen fruits remain largely green in colour.

"We could have exported huge quantity had the colour of our mangoes been yellowish once they ripened," Mansur said, urging agriculture scientists to do research on developing varieties that will turn yellow on maturity.

The quality of mangoes in Bangladesh has improved because of public and private sector efforts,

reflecting in increasing export earnings, said Md Manzurul Hannan, managing director of Hortex Foundation.

According to him, some farmers have begun farming export-quality mangoes. There is also the entry of new exporters in the segment in the last two to three years. Improvement has also taken place in packaging as well.

Hortex is a government-sponsored agency working to facilitate the export of fresh produce.

Hannan is optimistic that the export of the summer fruit will increase in the coming years as the government plans to set up two vapour heat treatment plants to improve the quality of mangoes and eliminate fruit flies.

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## Indian company paying for Russian coal in China yuan

REUTERS, New Delhi

India's biggest cement producer, UltraTech Cement, is importing a cargo of Russian coal and paying using Chinese yuan, according to an Indian customs document reviewed by Reuters, a rare payment method that traders say could become more common.

UltraTech is bringing in 157,000 tonnes of coal from Russian producer SUEK that loaded on the bulk carrier MV Mangas from the Russian Far East port of Vanino, the document showed. It cites an invoice dated June 5 that values the cargo at 172,652,900 yuan (\$25.81 million).

Two trade sources familiar with the matter said the cargo's sale was arranged by SUEK's Dubai-based unit, adding that other companies have also placed orders for Russian coal using yuan payments.

The increasing use of the yuan to settle payments could help insulate Moscow from the effects of western sanctions imposed on Russia over its invasion of Ukraine and bolster Beijing's push to further internationalise the currency and chip away at the dominance of the US dollar in global trade.

The sources declined to be identified as they are not authorised to speak to the media. UltraTech and SUEK did not respond to a request seeking comment.

"This move is significant. I have never heard any Indian entity paying in yuan for international trade in the last 25 years of my career. This is basically circumventing the USD (US dollar)," a Singapore-based currency trader said.

The sale highlights how India has maintained trade ties with Russia for commodities such as oil and coal despite the western sanctions. India has longstanding political and security ties with Russia and has refrained from condemning the attack in Ukraine, which Russia says is a "special military operation".



People queue along a street to buy LPG cylinders near the Galle International Cricket Stadium in Galle, Sri Lanka on Tuesday.

PHOTO: AFP

## Sri Lanka economy shrinks 1.6pc in Q1

AFP, Colombo

Sri Lanka's economy shrank 1.6 per cent in the first quarter of this year as an unprecedented financial crisis began to impact commercial activity, according to official data.

The island nation's painful downturn has seen months of lengthy blackouts, runaway inflation and severe shortages of vital consumer goods.

A shortage of foreign currency needed for the import of fuel, fertiliser and other essentials had a devastating effect on the economy just as the coronavirus pandemic was receding.

The January-March contraction was worsened by the "adverse effects" of inflation and Sri Lanka's crashing currency, the statistics department said.