

star

BUSINESS

Call money rate goes up further

AKM ZAMIR UDDIN

The inter-bank call money rate in Bangladesh rose further yesterday owing to the growing demand for cash ahead of Eid-ul-Azha, the government's increased borrowing from the banking system and banks' purchases of US dollars aimed at settling import bills.

The weighted average rate in the inter-bank call money market, where banks borrow from each other on an overnight basis, hit 5.85 per cent, data from the central bank showed.

It stood at 5.48 per cent on Wednesday, the highest at least since 2016, the latest for which data is available on the Bangladesh Bank website.

The banking sector is now going through liquidity stress as many lenders are buying US

Banking sector is going through liquidity stress as many lenders are buying dollars in exchange for taka from BB to settle import bills

dollars in exchange for the local currency from the central bank to settle import bills, which have surged to record levels driven by higher global commodity prices.


The Bangladesh Bank injected a record \$7.62 billion into the market in the fiscal year that ended on June 30, meaning an equivalent local currency amount has moved in the other direction, intensifying the liquidity crunch.

In 2021-22, the government's borrowing from the banking sector rose sharply, amid weak revenue generation, putting additional pressure on the liquidity position of banks.

It borrowed Tk 64,755 crore from the banking system in the last concluded fiscal year in contrast to Tk 26,078 crore a year ago.

People are also withdrawing a significant amount of funds from banks on the occasion of Eid-ul-Azha to meet their expenditures centring the festival, including those for buying sacrificial animals.

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## PRESSURE OF SUBSIDIES AND INCENTIVES

### GOVT SUBSIDIES FOR ENERGY

	FY22	FY23
Total subsidy	Tk 60,198cr	Tk 82,745cr
Subsidy for power	Tk 12,000cr	Tk 18,000cr
LNG	0	Tk 6,000cr

### INCENTIVE FOR EXPORT AND REMITTANCE

	FY22	FY23
Remittance	Tk 5,000cr	Tk 6,200cr
Export	Tk 8,300cr	Tk 7,825cr

### DIRECT CASH TRANSFER AMONG POOR (2020 and 2021)

Over Tk 2,000cr

### FOREX RESERVE

\$41.98b (As of July 7)

### CURRENT ACCOUNT DEFICIT (As of May)

\$17.23b

### EXCHANGE RATE (interbank)

Tk 93.45 as of July 7  
Tk 84.80 a year ago

### SUGGESTIONS

- Allow exchange rate to float
- Divert incentive for export, remittance to social protection
- Implement projects with foreign funds
- Seek concessional foreign loan
- Explore energy and mineral resources
- Ration energy supply

SOURCE: FINANCE MINISTRY

AUSTERITY STEPS OKAY but more belt-tightening needed

REJAUL KARIM BYRON and SOHEL PARVEZ

The government in Bangladesh has already begun enforcing energy and power rationing to contain the surging import cost of gas and fuel oil and turned to austerity measures to save US dollars.

The initiatives have won support from economists, who said yesterday that there is little room for the country other than taking the measures to stabilise the economy and avert any crisis.

The steps to ration energy supply will slow the pace of the economy but the growth should not be a priority for now, they also said.

In order to overcome the challenge, analysts recommended allowing the taka to depreciate further, cutting revenue expenditures, curbing wastages, leakages and the cost-overrun of development projects, and improving governance.

"It is vital to tackle the current situation. There is no alternative to keep the economy stable," said Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh.

"For this, we all will have to take the pain. There will be no harm even if the economic

growth slows."

He supported the government's steps but said they are not adequate.

"It has to think seriously about how it can reduce expenditure. The government has to tighten its belts in the areas when it comes to spending from the state coffers."

His other advices included

become a big challenge.

"If more cracks develop, there will be little to do other than taking harsh actions," he said, suggesting the authorities allow the exchange rate to float freely.

Owing to the blistering import bills, Bangladesh has roughly four months of reserves to clear import bills, according

an annoyance. It erodes the savings of the middle class. But for the lower-income groups, it is a livelihood problem," Hussain said.

He suggested the government resume direct cash transfer and provide cash to poor households through the school stipend programme and other cash transfer schemes.

In the second half of 2020, the government provided Tk 2,500 to nearly 35 lakh families each through mobile financial services and bank accounts to partly cover the income losses of the poor resulting from the coronavirus pandemic.

"It worked although it had faced some setback initially," Hussain said.

According to Hussain, by allowing the taka to float against foreign currencies, the government can transfer the Tk 6,200 crore kept aside as incentives for remitters to the social protection schemes.

The depreciation will allow the country to free up the Tk 8,300 crore that has been allocated to exporters as incentives.

In order to lessen the impacts of inflation, the government may hike the prices of petroleum and electricity in phases as it stokes inflation, Hussain said.

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suspending new hiring and ensuring an adequate supply of essential commodities.

"We must reduce the import costs," said the former economist of the International Monetary Fund (IMF).

Mansur urges the government to focus more on implementing projects that are backed by foreign aid, instead of those being implemented by domestic resources.

Zahid Hussain, a former lead economist of the World Bank Bangladesh, said maintaining macroeconomic stability has

to the central bank.

"Since you do not have enough reserves to defend the taka persistently, you have no option but to let the taka float against the dollar," Hussain said.

The increased cost of the American greenback will discourage imports and leisure trips abroad, attract remittances and make exports competitive in foreign markets. However, the depreciation of the taka will raise the cost of imported commodities, thus fanning inflation.

"For the rich, inflation is



Forex reserves to slip below \$40b for first time in 2yrs

AKM ZAMIR UDDIN

Foreign exchange reserves in Bangladesh could slip below \$40 billion for the first time in nearly two years owing to regular import payments and a slowdown in remittance flow.

Bangladesh will have to settle import payments worth \$1.96 billion with the Asian Clearing Union (ACU) next week. The reserve may fall down below \$40 billion once the Bangladesh Bank adjusts the import payments.

Bangladesh's foreign currency reserves stood at \$41.98 billion on Wednesday in contrast to \$46.15 billion in December last year as exports and remittance flow failed to keep pace with blistering import bills.



The ACU is an arrangement through which participating countries settle import payments for intra-regional transactions.

Bangladesh, Bhutan, India, Iran, the Maldives, Myanmar, Nepal, Pakistan and Sri Lanka are members of the Tehran-headquartered ACU. The BB has to make the payments every two months.

In Bangladesh, imports show no sign of abating, while remittances may decrease next week as usually seen after Eid festivals, bringing an adverse impact on the reserves, which have already taken a beating in recent months from the abnormally high commodity prices globally.

Experts say a further decline in the reserves will create additional pressure on the macro-economy, already under stress due to the higher imports and surging inflation.

This led Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, to urge the government to keep the public well-informed about the situation.

"Consumption of petroleum oil and electricity will have to be reduced to tackle the ongoing situation. We have still time to address the issue."

He thinks that there is no other scope but to stop the implementation of mega projects by using the own funds of the government.

Mansur advised the government to take up foreign loans aggressively from multilateral lenders such as the International Monetary Fund and the World Bank to implement mega projects.

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STOCKS	
DSEX ▲	CASPI ▲
0.01% 6,366.95	0.01% 18,751.83

COMMODITIES	
Gold ▼	Oil ▲
\$1,734.90 (per ounce)	\$101.53 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.80% 54,178.46	▲ 1.47% 26,490.53	▲ 0.83% 3,129.40	▲ 0.27% 3,364.40



Vendors at Karwan Bazar, the largest grocery wholesale hub in Dhaka, have stocked up on all the spices anyone could ever need to prepare their favourite dishes this Eid-ul-Azha. However, prices were slightly higher yesterday considering the increased demand.

PHOTO: AMRAN HOSSAIN

Apparel exports to US log record 51pc rise

STAR BUSINESS REPORT

Garment exports to Bangladesh's single largest destination, the USA, rose by 51.57 per cent year-on-year to \$9.01 billion in the just concluded fiscal year.

Germany remained the second largest export destination, as Bangladesh shipped garment items worth \$7.16 billion to the central European nation, registering a 27.74 per cent year-on-year growth, according to data from the Export Promotion Bureau (EPB).

Garment shipment to the European Union (EU), the largest apparel importer in the world, rose by 33.87 per cent year-on-year to \$21.04 billion in the last fiscal year.

Export to the UK increased by 30.56 per cent year-on-year to \$4.49 billion and to Canada by 33.22 per cent to \$1.32 billion, according to the data.

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Rawhide traders upbeat as tanners pay arrears

REFAYET ULLAH MIRDHA and SUKANTA HALDER

Rawhide traders are expecting a good season for business this year as tanners have cleared last year's arrears owed to them, which would in turn enable purchasing skins and hides from seasonal traders during upcoming Eid-ul-Azha.

The rawhide traders across the country have already received arrears amounting to nearly Tk 650 crore of last year from the tanners, said Aftab Khan, president of the Bangladesh Hide and Skin Merchants' Association.

So, this year rawhide merchants will face no cash crunch, which was acute over the last couple of years. If favourable weather prevails, there will be no problem in selling rawhides this year, he said.

Rawhide merchants are a very important part of the whole supply chain of the business.

Tanners usually clear some of previous years' arrears before Eid-ul-Azha so that rawhide merchants can buy

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Rukhmila Zaman

## New board for UCB

STAR BUSINESS DESK

United Commercial Bank formed a new board of directors through a meeting at its corporate office on Wednesday.

Rukhmila Zaman, Anisuzzaman Chowdhury and MA Sabur were reelected chairman of the Board of Directors, chairman of Executive Committee and chairman of Risk Management Committee respectively while Bashir Ahmed was elected vice-chairman, says a press release.

## Apple getting beefed up against spyware

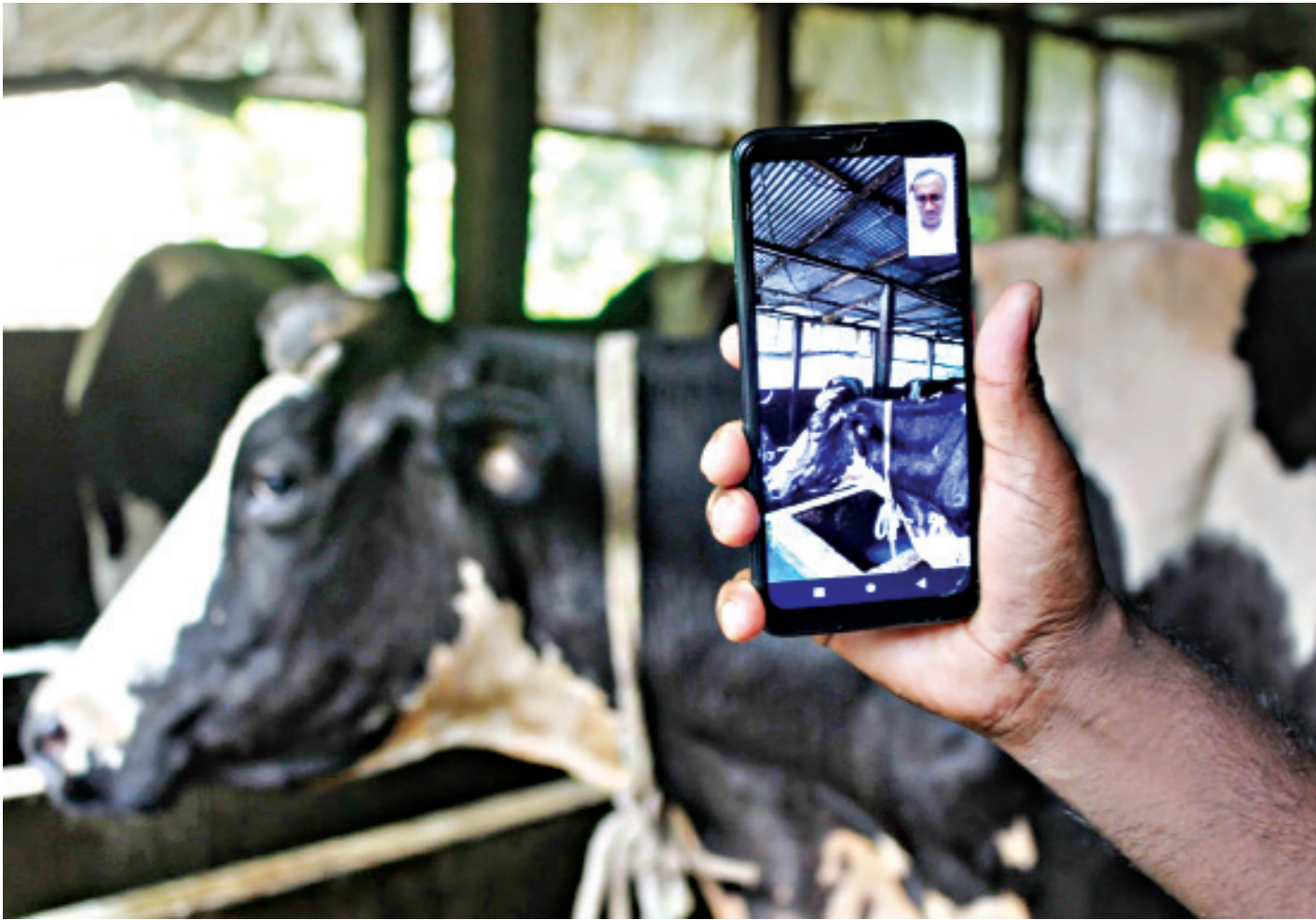
AFP, San Francisco

Apple on Wednesday unveiled a new way for activists, journalists and other targets of state-sponsored espionage to protect themselves from spyware.

A Lockdown Mode being added to iPhones, iPads, and Mac computers is intended to counter threats from a thriving industry that provides sophisticated espionage tools to governments.

"While the vast majority of users will never be the victims of highly targeted cyberattacks, we will work tirelessly to protect the small number of users who are," Apple head of security engineering Ivan Krstic said in a blog post.

The tech giant is upping the bounty it pays researchers for uncovering vulnerabilities in its software when it comes to Lockdown Mode, raising the maximum reward to \$2 million.



The website currently has over 800 veterinarians registered with it who provide advice on treating common diseases. If needed, there is even a video chat option for the vets to see the animals themselves.

PHOTO: MINTU DESHWARA

# Free veterinary services just a click away

MINTU DESHWARA

When one of her cattle died contracting hoof-and-mouth disease some time back, Salma Akther had grown deeply worried over the future of her remaining herd of 19 animals.

For this resident of Chapainawabganj's Nachole upazila, loss of livestock translates to livelihood being put in jeopardy. She had to quickly find a way to safeguard the rest of her cattle which she had been rearing for the past 10 years.

Though each upazila has an office of the state-run Department of Livestock Services (DLS) to provide veterinary services, service seekers have to avail it in person.

This meant spending time and money travelling to the office and queuing up with others waiting for the office's veterinary surgeon, livestock officer or staff to become available to provide the service.

As luck would have it, a relative informed Salma of a website where

veterinary services are provided round the clock free of cost. And sure enough, the platform provided her all remedies and even prescriptions.

The website, bdvets.com, is the brainchild of Dr Mithun Sarkar, the livestock officer of the DLS office at Moulvibazar's Kulaura upazila. He started working on it in 2015 and created the website in 2018.

Service seekers have to provide some basic information about themselves to get registered, after which they can post their queries.

The website currently has over 800 veterinarians registered with it who provide advice on treating common diseases. If needed, there is even a video chat option for the vets to see the animals themselves.

For serious cases, they suggest locating a local veterinary surgeon using the website or visiting any local veterinarian engaged in private practice, said Abdus Samad, livestock officer of the DLS office in Bogura sadar upazila.

An online server stores all relevant data, including inputs by service seekers, veterinarians and the service being provided, Sarkar told The Daily Star.

The system even automatically sends SMS to registered users from time to time with relevant information, such as vaccination requirements and dates, he said.

So far over 3,500 people of 292 upazilas have availed the website's services while over 4,500 digital prescriptions have been issued.

In remote haor or rural areas, it is often difficult to get services on time, said cattle farmer MA Kaium, a resident of Amuli area which is around 25 kilometres away from Kulaura upazila town.

But the website makes availing services easy, sitting back at home, he said.

Praising the initiative, Kulaura Upazila Nirbahi Officer ATM Farhad Chowdhury said the website was contributing to improving citizen services and playing a direct role in achieving the Sustainable Development Goals.

## Stocks close flat

STAR BUSINESS REPORT

Stock prices in the domestic market closed flat yesterday, the last trading session ahead of Eid-ul-Azha, as most investors were in a cautious stance, according to analysts.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), remained almost unchanged from the previous trading session at 6,366.

The stocks edged flat after a bumpy ride as most investors have become cautious amid a global hike in fuel prices and its possible impact on the economy, International Leasing Securities said in its daily market review.

So, investors remained shaky and reluctant to make fresh investments in stocks ahead of the Eid vacation," it added.

At the DSE, 166 stocks advanced, 149 dropped and 63 remained the same.

Thanks to increased investor participation, turnover of the premier bourse rose to Tk 788 crore from the previous day's Tk 746 crore.

## Meghna Bank signs deal with Nagad

STAR BUSINESS REPORT

Meghna Bank Limited recently signed an agreement with Nagad so that the bank's customers can directly send money from their accounts to a beneficiary account of the mobile financial service brand operating under Bangladesh Post Office.

Sohail RK Hussain, managing director and chief executive officer of Meghna Bank, and Rahel Ahmed, chief executive officer of Nagad, signed the agreement on behalf of their respective organisation.

Shyamol B Das, deputy managing director and chief information officer of Meghna Bank, M Nazeem A Choudhury, head of retail and SME banking, Md Saidur Rahman Dipu, head of business sales of Nagad, Sheikh Saud Bin Jahan, head of bank and FI of Nagad, among others, were present on the occasion.

## IMF needs to address internal complaints Says its managing director

REUTERS, Washington

The International Monetary Fund should speed up its handling of internal complaints and further strengthen internal safeguards, IMF Managing Director Kristalina Georgieva said on Wednesday.

Georgieva told Reuters she was pleased that the IMF's first comprehensive review of data integrity standards had generally found "robust mechanisms" for institutional governance, but said there were ways to reinforce them.

"We have some ideas on how to make them even stronger and actually get people to feel comfortable to express their views," Georgieva said in an interview, without giving details about potential changes.

"If they are critical, great. This means they are comfortable to say what they think."

## Agro-preneurship and enhancing farm income

FROM PAGE B4

There have been 23,600 small-scale enterprises, including agriculture-based ones. The major constraints faced by the small or cottage industries are finance and lack of access to bank financing.

Conventional research extension methods for the application of seed fertilizer-based technology have been working well in different countries. Apart from production, it is possible to add value to agricultural produce and there is an opportunity to engage the educated youth in remunerative activities.

However, the institutional structure has yet to be developed in the country or in the region for the expansion of agricultural processing technology. As a result, these innovative technologies do not reach entrepreneurs in most cases and cannot contribute to the agro-processing industry in the country. Moreover, the application of each processing technology requires a different institutional approach with a skill mix of agro-industrial set-up.

Several countries in Asia such as India, Indonesia, and Thailand, have introduced agribusiness incubation centres or accelerators at universities. These centres provide technology-based business capacity and support. Since agribusiness largely depends on geographical location, consumer demand, financial institutional arrangement and social structures, entrepreneurs must work together with the

incubation labs before investing in technology to transform it into a successful business.

There have been a lesser success in the development of agro-processed products and equipment, meaning that there is still a lack of technology suitable for the business of processing fruits, vegetables, pulses, spices, milk and fish for SMEs. As a result, Bangladesh imports these products. However, as a result of urbanisation, there is a potential for processed products considering the diversified food demand.

Although various types of flowers, vegetables and fruits are grown in the country as high-value crops, very little of the production volume is processed. On the other hand, these products are not available throughout the year. Only 70 per cent of the conventional or major fruits are available in the market during the three to four months of summer.

About 25-50 per cent of the production is either wasted or spoiled as post-harvest loss due to a lack of processing. The market depends on imported fruits for the rest of the time of the year.

There is a number of under-utilised fruits that are rich in nutrition but mostly ignored. It is said that only 2 per cent of the gross domestic product (GDP) comes from agricultural processing. Bangladesh's large private food industry relies on foreign machinery and domestic raw materials and is exploiting this potential to some extent.

A number of agricultural and food-related public agencies in the country are conducting research to develop value-added products. Bangladesh Agricultural Research Institute, Bangladesh Jute Research Institute, Bangladesh Council for Science and Industrial Research, Bangladesh Sugarcrop Research Institute and universities are some of them. It is learnt that private industries have a memorandum of understanding with these public research bodies in getting product formulation.

These research organisations need to create closer links with small entrepreneurs on a partnership basis.

Food quality is considered a major concern in the food industry. In addition to fresh vegetables and fruits, two types of food items – ready-to-cook and ready-to-eat – are being sold in chain shops or big stores.

Ready-to-eat food products are more sensitive to public health that require compliance with strong regulations for marketing. If micro, small and medium entrepreneurs can market these products, the youth can be engaged in productive work.

Research institutes are waiting to find their space in the mainstream market with their products, including jelly, syrup, packaged products of green and ripened fruits, jute products, fish balls, noodles, by-products of agro commodities like shrimp, fruits, mushrooms, drying, preservation and equipment, and agro-tourism.

Small-scale seed

production of high-value crops and hybrid seeds may become a successful rural enterprise.

Intervention needed Seed, fertilizer-based technologies available today and those in the pipeline in Bangladesh and elsewhere will remain solutions to addressing food security. For sustainable development of the farming system, it will require higher income for the farmers. However, higher-income through value-addition remains unattended and this is highly context-specific in a specific location.

Reshaping the whole agricultural technology system will be required to support those unattended areas to augment farm income and improve livelihood.

Training should be provided to entrepreneurs in marketing products through the Department of Youth and Women and NGOs. Product quality, labelling, packaging, branding and market management can be included in the training.

The Center for Sustainable Agricultural Mechanisation under the UNESCAP may be persuaded for exchanging best practices of post-harvest management among the member countries for enhancing agro-processing.

Research institutes and universities engaged in food processing must work with business potential in mind in the technology innovation process. The institutional capacity of the institutes must be strengthened to promote agro-business with a skill

mix of technology and market promotion.

Financial institutions have an important responsibility to sponsor successful innovations. Entrepreneurs can be assisted by start-ups for potentially emerging products. The innovation fund under the A2I programme may be harnessed for the promotion of innovative ideas.

The author is former executive chairman of the Bangladesh Agricultural Research Council.

## Sri Lanka hikes

FROM PAGE B4

government demonstrations calling for President Gotabaya Rajapaksa's resignation.

The central bank said the economy could go into a recession this year, having grown 3.7 per cent last year and contracted 3.6 per cent in 2020.

Prime Minister Ranil Wickremesinghe told parliament the economy could shrink as much as 7 per cent.

The bank said economic activity in the second quarter of this year had been severely affected by electricity and fuel shortages, while all non-essential offices and schools have been told to shut in a bid to reduce commuting and save scarce energy.

The country is officially out of petrol and diesel, while fresh supplies are at least two weeks away.

The government defaulted on its \$51 billion foreign debt in April and is negotiating a possible bailout with the International Monetary Fund.



Officials of Electro Mart are seen showcasing the features of a new line of Konka android voice-control televisions at the group's corporate office in Gulshan, Dhaka.

PHOTO: ELECTRO MART

## Electro Mart rolls out new Konka TVs

STAR BUSINESS REPORT

Electro Mart, a leading consumer electronics company in Bangladesh, recently unveiled new models of Konka android voice-control televisions at the group's corporate office in Gulshan, Dhaka, according to a press release.

While the domestic market for televisions is largely dependent on expensive imports, Electro Mart is always striving to bring affordable solutions in this regard.

"Our main motto is to provide the best quality televisions at affordable prices," said Md Nurul Afser, deputy

managing director of the company.

The new models feature advanced technology, such as 4K and 24K UHD resolution, true colour, home share, cavity speakers with a Dolby Digital sound system, TFT frameless LED display, HDR10 (1.07 billion colour), endless content with Android 11.0 OS, all the top apps, Google assistant, chrome cast and more.

With prices ranging from Tk 11,000 to Tk 90,000, Electro Mart markets 15 models of Konka televisions across the country.

Md Nurul Amin Faruk, managing director of Electro Mart, and Md Nurul Azim Sunny, director, were present.



Ahsanul Alam, chairman of Union Bank, presided over its 9th annual general meeting at its Gulshan head office in Dhaka recently. The meeting approved 5 per cent cash and 5 per cent stock dividends for shareholders for 2021. Managing Director and CEO ABM Mokammel Hoque Chowdhury was present.

PHOTO: UNION BANK





With just two days to go before animals are sacrificed marking Eid-ul-Azha, seasonal traders have set up shops by the roads to do brisk business selling cattle feed and materials used in meat processing, such as blocks of wood and palm leaf mats. The photo was taken near Mohammadpur Townhall Market in Dhaka yesterday.

PHOTO: PRABIR DAS

# More austerity needed to rein in inflation

Speakers say at ICAB discussion

## STAR BUSINESS REPORT

The government should adopt more austerity measures to rein in inflation and keep the macroeconomy stable since the global economic crisis derived from the Russia-Ukraine war and supply chain woes will not be resolved anytime soon, speakers said yesterday.

They also suggested both the government and the Bangladesh Bank take initiatives to cut import payments to avert the balance of payments crisis.

The Institute of Chartered Accountants of Bangladesh (ICAB) organised the discussion on the monetary policy for the current fiscal year and existing economic issues at its office in the capital.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the government was providing subsidies on petroleum products in order to give a respite to the

common people.

"But the subsidy is coming from the pockets of the ordinary people, so the government should take more austerity measures."

This is because the ongoing global crisis derived from the war and the coronavirus pandemic will not end anytime soon, he said.

"So, the government should take effective measures to tackle instability."

According to the economist, some borrowers are facing challenges in securing loans from banks due to the 9 per cent lending interest rate cap, whereas the influential ones can access credits easily.

Raihan recommended the central bank address the default loan issue in the banking system to bring down the interest rate on loans.

Prof M Shamsul Alam, state minister for planning, said that the country was going through a challenging time owing to the instability in the global market.

"Inflation has gone up because of higher import payments, but there is no need to panic."

He stated that the central bank had already taken various measures, including imposing a 100 per cent margin on the import of non-essential and luxurious items, to curb imports. "These initiatives would reduce imports."

The state minister claimed that banks used to set interest rates through meeting among themselves but this contradicted the free market economy.

"So, the government has imposed the cap to protect the interest of the commoners."

Md Shahadat Hossain, president of the ICAB, said the hiking of the central bank's policy rate by 50 basis points to 5.50 per cent in the monetary policy would have an adverse impact on the credit flow to the private sector.

"Both production and employment generation may face an impediment," he

said, adding that the standard of living will be under stress owing to higher inflation.

NKA Mobin, a vice-president of the association, said that although the central bank's monetary policy had emphasised ensuring economic development, it had set a lower private sector credit growth.

The private sector credit growth goal has been set at 14.1 per cent for the current fiscal year in contrast to 14.8 per cent the year before.

"The lower target of the credit growth will create an additional pressure on the banking sector," Mobin said.

Muhammad Abdul Mazid, a former chairman of the National Board of Revenue, Ferdous Ara Begum, chief executive officer of the Business Initiative Leading Development, Mahmuda Akter, executive president of the Bangladesh Institute of Capital Market, and Fouzia Haque, another vice-president of the ICAB, also spoke.

## Govt approves \$1.3b investments in economic zones

### STAR BUSINESS REPORT

The government yesterday gave the nod to private sector investments of \$1.3 billion in the country's economic zones.

Bangladesh Economic Zone Authority (Beza) in a press release said 28 investment proposals, which would create around 36,000 jobs, were approved by the Prime Minister's Office.

The government allotted 363.5 acres of land in favour of the investee companies.

Of the investment plans, 15 were on Bangabandhu Sheikh Mujib Shilpa Nagar.

Of the 15, Walton Hi-tech Industries will invest in electrical and electronic, home and electrical appliances, and automobiles.

Abdul Monem Economic Zone will invest in a manufacturing plant for building materials and construction items while Indian company RHPL Health will pour funds into a detergent and personal hygiene products factory.

The Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association, Kiam Metal Industries, Healthcare Pharmaceuticals, Fakir Knitwears, and Israq Spinning Mills will also invest in the economic zone.

"Kiam planned to invest around Tk 423 crore but it will be much higher now due to a rise in the import cost of machineries for an increase in the price of dollars," said Md Mizber Rahman, managing director of Kiam Metal Industries.

"We are going to manufacture glassware along with cookware," he said, reasoning that 80 per cent of the local demand of glassware was at present met by imports.

## West's inflation to impact exports of Bangladesh: ICCB

### STAR BUSINESS REPORT

Developed nations are having to take tough steps to control record levels of inflation, which is a concern for Bangladesh as it will dampen exports demand to these countries, according to the International Chamber of Commerce-Bangladesh (ICCB).

In an editorial released yesterday, the ICCB said Bangladesh is already facing adverse effects of the Russia-Ukraine war, which has caused a reducing in exports to these nations as well as a rise in import bills, mainly for oil and food.

Besides, domestic inflation recently reached 7 per cent, which is the highest in a decades.

"Countries are preparing for the worst depending on their immediate and long-term concerns. For the West, it is pre-eminently a security concern and they are gearing up accordingly," the ICCB said.

"But for the rest of the world, the humanitarian sufferings and economic concerns come first as the war has disrupted the entire supply chain, making production, business and life unpredictable," it added.

## Rawhide traders upbeat

### FROM PAGE B1

skins and hides from seasonal traders who collect those from individuals.

Khan said rawhide merchants have been demanding clearing all arrears of 2015 and 2016. This year tanners could not clear arrears of those two years due to low sale of their previous stocks of tanned hides, he said.

The dues accumulating in those two years marked the beginning of a downturn in the rawhide business as rawhide merchants at that time could not buy as much hides and skins from seasonal traders as they would have liked.

The slump in business has continued till date.

Khan also said prior to the payments made this year, the arrears of 2015 and 2016 amounted to Tk 110 crore. Now less than Tk 100 crore was due as tanners have already made some payments, he said.

It is expected that tanners will gradually clear all arrears so that rawhide merchants can properly maintain their business, said Khan.

The Ministry of Fisheries and Livestock estimates that some 1.2 crore animals could end up being sacrificed this year, two lakh more from that last year.

Khan recommended proper application of salt at the collection stage, saying it would help preserve rawhides for at least two months.

The commerce ministry also suggested the same and to sell the skins when

prices go up in the markets.

The government has directed not to bring any rawhide from around the country to Dhaka and Savar Tannery Industrial Estate (STIE) for one week from Eid day.

It has also allowed 14 companies to export 60 lakh square feet of rawhide this year. The export had been banned for some 30 years or so.

Shahin Ahmed, president of Bangladesh Tanners Association, is also hopeful of securing good business this year as the rawhide merchants have already been paid. "Our preparation is also good so far," he said.

Tanners could avail Tk 170 crore from four banks this year against their demand for Tk 600 crore, he said.

He also complained that the STIE was yet to be fully functional even though a huge amount of money and time had been spent behind it.

The STIE has no chrome recovery and solid waste management facilities, for which tanners fail to meet international regulations and to secure better prices from international retailers and brands, he said.

Furthermore, the local environment is also being damaged, he said.

Local tanners have to sell tanned hides and skins at a price 40 per cent below the international rate for this non-compliance and for not having a much-needed Labour Working Group certification.

The central effluent treatment plant (CETP) of the STIE has a capacity to

treat 25,000 cubic metres of wastewater per day. But during Eid-ul-Azha, 42,000-45,000 cubic metres ends up being generated each day.

To cope with the additional pressure during Eid, the estate authorities have divided the 134 tanneries that are up and running into groups and allotted them time slots for discharging wastewater.

"We have initiated a system so that the capacity of the CETP can be properly used," said Mustak Ahmed, managing director of the STIE and a deputy secretary to the industries ministry.

## Forex reserves

### FROM PAGE B1

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said that remittances would face sluggishness after Eid. Remittances contracted in 2021-22, the first time in six years, as many remitters opted for the informal channels to send their money. The inflow stood at \$21.03 billion.

The central bank is now injecting US dollars on a regular basis into the money market, helping banks settle import bills.

It supplied a record \$7.62 billion in the last fiscal year of 2021-22 and \$209 million in the current fiscal year.

Still, the BB has failed to stop the depreciation of the exchange rate of the local currency. The taka traded at Tk 93.45 to a dollar yesterday compared to Tk 84.80 a year ago.

## Call money rate

### FROM PAGE B1

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says the banking sector has been facing liquidity stress for several months.

"A spike in fund withdrawal ahead of Eid has tightened the liquidity situation."

Although the withdrawal of cash from banks will return to normalcy after the Eid festival, the liquidity strain would not ease anytime soon, Rahman said.

Another managing director of a private commercial bank, on the condition of anonymity, says the call money rate has gone up because of the increase in the benchmark lending rate of the central bank.

The BB raised the policy rate, or repurchase agreement (repo) rate, by 50 basis points to 5.50 per cent on June 30 as part of its effort to implement a contractionary monetary policy to contain inflation. The move had made borrowing costlier for lenders.

The chief executive said that the central bank has hardly injected any fund in the form of repo support into cash-strapped banks in recent days, intensifying the liquidity crunch.

"Some banks have hoarded excess dollars to cash in on the greenback shortage in Bangladesh. Now, the central bank's move will force them to sell their dollars to tackle cash shortage."

## Apparel exports to US log 51pc rise

### FROM PAGE B1

Apparel shipment to non-traditional markets grew by 25.4 per cent to \$6.37 billion in the just concluded fiscal year.

All countries other than the USA, the UK, the EU and Canada are non-traditional markets for Bangladesh.

Among the non-traditional markets, shipment to Japan only has crossed the \$1-billion mark, hitting \$1.09 billion.

Apparel shipments to Australia stood at \$812.24 million, India \$715.41 million, Russia \$583.78 million and China \$222.33 million.

Bangladesh's garment export to the USA may cross \$10 billion at the end of 2023 fiscal year as shipment to American markets is still good despite the region is in the risk of being hit by inflation in near future, said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association.

The EU markets are also showing very positive signs and it is expected that the earnings from the EU will see a double-digit growth at the end of the current fiscal year, he also said.



Ziaul Hasan Siddiqui, chairman of the board of directors of Sonali Bank, presided over its 15th annual general meeting at its head office yesterday. The meeting approved financial statements, balance sheets, profit and loss accounts and directors' and auditors' reports for 2021. Abdullah Harun Pasha, additional secretary to Financial Institutions Division, Md Ataur Rahman Prodhon, CEO and managing director, and directors were present.

PHOTO: SONALI BANK

## Austerity steps okay

### FROM PAGE B1

The economist suggested mobilising concessional foreign loans in the form of budgetary support.

"For this, it will have to carry out structural reforms. An injection of foreign funds will help stabilise the exchange rate and contain inflation."

The government has already begun the process to secure foreign finances.

"We have got the opportunity to receive \$8 billion. But the government is primarily considering to take up \$4 billion to \$4.5 billion," said a finance ministry official.

An IMF mission is scheduled to visit Dhaka this month.

The government is also likely to get \$500 million this year from the World Bank and \$1 billion from the Asian Development Bank and other multilateral agencies.

State Minister for Planning Shamsul Alam agreed that the devaluation

of the taka is an incentive to exporters and remitters. But the economic decision cannot be taken instantly since one is connected to the other.

"The issue of withdrawing incentives for remittances and exporters is under consideration. We may reconsider it if the taka weakens further," he said.

Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said revenue collection can be increased through proper management and governance.

"There are a lot of anomalies. The loopholes should be identified and plugged in. This is the time to show zero-tolerance."

At the same time, it is possible to reduce costs by eliminating wastages, leakages and corruption and ensuring timely implementation of development projects, he added. The CPD earlier estimated that public

expenditures increased by Tk 30,000 crore just because of the revision of development projects.

Selim Raihan, a professor of the economics department at the University of Dhaka, thinks it appears that there had not been preparation related to overall energy policy on the government's part to face this sort of situation.

"Steps should have been taken to explore energy and mineral resources."

Prof Raihan said the increased import costs of energy will widen the subsidy pressure.

"Import growth has been unprecedented and it has to be managed."

Between July and May, imports went up by 39 per cent to \$75.4 billion.

"There are many projects having unnecessary and inflated expenditures. These have to be cut," said Prof Raihan.

"The next six months will be crucial in economic management."



## Hoping for a calmer H2? Forget it

REUTERS

Investors hoping the second half of the year would bring some relief after a bruising six months, may not be feeling very optimistic after the last 24 hours.

The newsflow has been relentlessly gloomy. Talk of gas rationing in Europe, a political crisis in Britain and a fresh flare up of COVID-19 cases prompting fresh restrictions in Shanghai has put the boot firmly into risk appetite.

World stocks are on the back foot, the dollar is comfortably perched at a two-decade high versus its major rivals and the U.S. Treasury bond yield curve is screaming recession risk.

Though sliding bond yields offered a boost to U.S. stock markets overnight, futures point to a bleak start. A gauge of European stock market volatility is nearing two-month highs.

**Recession talk has also buffeted commodities with prices of copper, gold and oil sliding overnight on top of heavy losses this year**

Recession talk has also buffeted commodities with prices of copper, gold and oil sliding overnight on top of heavy losses this year.

But markets hoping for a break from the doom loop of falling asset prices forcing traders to cut positions and dragging in momentum-chasing hedge funds may not find any immediate relief.

On top of economic data this session, is the Federal Reserve's minutes for the June meeting where it announced the sharpest hike in the U.S. benchmark interest rate in nearly 30 years.

It is likely to foreshadow more hikes as Fed officials have said their top priority is fighting inflation, even at the cost of growth with markets betting on another 75 bps rate hike later this month.

A battered sterling meanwhile was starting European trade on a weak footing (again) against a backdrop of political turmoil – British Prime Minister Boris Johnson has been gravely wounded by the resignation of ministers who said he was not fit to govern.



Launches at the Barishal river port are seeing customers return in droves ahead of Eid-ul-Azha following a lull in business in the first week after the inauguration of Padma Bridge. With launch services still being cheaper than road transport, the port is currently handling between 10,000 and 15,000 passengers per day.

PHOTO: TITU DAS

# Barishal launch services see passenger rebound

Passengers, owners cite lower fares, Eid

SUSHANTA GHOSH

Use of launch services in Barishal declined by up to 50 per cent in the first seven days after Padma Bridge was inaugurated but the situation has since changed thanks to an onrush of Eid home-goers.

Launch owners say there was an initial reduction in cabin bookings as people preferred using roads in order to visit Padma Bridge.

However, many passengers are now using launch services as fares have been slashed by at least 25 per cent, making this mode of transport significantly cheaper considering the tolls of Padma Bridge, which are at least 1.5 times higher than the average charge on ferries.

Debashish Saha, a counter staff of the Sundarbans launch service, said they reduced the cabin fares to Tk 1,000 from Tk 1,400 while the cost of booking a spot on the deck was cut to Tk 250 from Tk 300.

Shafiqul Islam, a cabin boy of the Survi launch service, said all the tickets for their ferry have been booked till July 8.

Mohana Das, a passenger from Dhaka, said she paid Tk 800 for a cabin just a few days



ago as launch operators are decreasing the charge in order to fill their empty seats.

On the other hand, most launch owners are saying they reduced the prices considering the altered conditions brought on by the opening of Padma Bridge.

According to launch owners, there are seven luxury ferries that travel from Barishal river port to Dhaka and back every day.

The total number of cabins provided by these ferries is more than 800 while there are more than 500 seats on the deck. However, around 10,000 to 15,000 people are travelling

on the Dhaka-Barishal route by launch every day ahead of Eid-ul-Azha.

In the past, even 1 lakh people would travel to and from Barishal river port every day during the Eid holidays, they added.

Similarly, bus owners say that 2,000 to 3,000 people would previously travel on the Dhaka-Barishal route by road but their numbers have since doubled with the inauguration of Padma Bridge.

"But due to the lack of width of the Bhangra to Barishal highway, buses do not have the capacity to carry a large number of passengers on this

route," said Kishore Kumar Dey, secretary of the Barishal Bus Owners Group.

Still though, about 50 new busses started plying the route after Padma Bridge was opened on June 25.

Saidur Rahman Rintu, vice-president of the Barishal Launch Owners Association, said it is not possible to move more than 10,000 people daily using roads but launches are currently transporting about 3 lakh travellers each day.

Mostafizur Rahman, a former officer of Barisal river port, said although nearly 5,000 launch passengers leave Barishal every day, most of them only travel during Eid. "But traffic on the Dhaka-Barishal highway has tripled ever since the inauguration of Padma Bridge," he added.

Badsha Sardar, manager of Green Line Transport, said they had four transports plying the Dhaka-Barisal highway in the past but now, there are twelve transports on the route.

Akib Hossain, counter-in-charge of Sakura Paribahan's Barisal Nathullabad bus stand, said they used to operate at least 32 vehicles on the Dhaka-Barisal route but the number has since risen to 42 vehicles.

## Agro-preneurship and enhancing farm income

WAIS KABIR

In Bangladesh, employment generation is the prime agenda for sustainable development for huge educated jobless. This is highlighted in policy discussions or research findings.

Value-addition in agriculture through post-harvest processing is considered a critical element which requires a fresh look in the agricultural technology system. Although the growth rate in the country is considered favourable in spite of the impact of the coronavirus pandemic and other global phenomena, sluggish employment needs to be addressed.

It is often said that entrepreneurs need to be created in the country. A number of such entrepreneurs have already emerged in the field of rural areas, especially in the supply of inputs, financial transactions, feed, poultry farms, dairy farms, nurseries, floriculture, mushroom cultivation, fish drying, and fattening of cattle. However, it is still very small compared to the overall market demand of the country.

Agricultural start-ups are becoming very popular in different countries, including Bangladesh. These start-ups are working on connecting producers and consumers, solving problems in the production process, providing financial assistance to farmers, capacity-building through training and market creation.

Bangladesh Bank has set up a fund of Tk 500 crore to create startups and entrepreneurs. In this, a maximum loan of Tk 1 crore has been arranged for entrepreneurs. It is learned that 1 per cent of the financial institutional income is supposed to be used to stimulate such innovative ideas in these sectors on easy terms. Small entrepreneurs can benefit by utilising these initiatives.

**Agricultural start-ups are becoming very popular in different countries, including Bangladesh. These start-ups are working on connecting producers and consumers, solving problems in the production processes**

The Access to Information (AZI) Programme of the government promotes IT-based solutions, including supporting innovative ideas. It helped agri-professionals develop digital solutions to reach farm growers. It has been supporting innovative ideas into action, including agriculture through an innovative fund.

Like other countries in Asia, Bangladesh has achieved commendable success in diversified fields of agriculture, including aquaculture. Exotic fruits are being grown as high-value products with the involvement of young investors.

It is known that high-yielding and nutrition-rich crops or livestock products will continue to contribute to food security in South and Southeast Asia. Basically, this development has been or is being made possible by utilising high-yielding seeds, natural resources, and an improved fertilizer irrigation system. But growers engaged in small-scale farming do not get a fair price.

Considering the opportunity of infrastructure and connectivity, more particularly the newly built Padma bridge, product processing may offer an expansion of the market within the country and beyond.

SME is a big employment generation and economic sector in the country.

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## IMF doesn't rule out possible global recession

REUTERS

The head of the International Monetary Fund (IMF) on Wednesday said the outlook for the global economy had "darkened significantly" since April and she could not rule out a possible global recession next year given the elevated risks.

IMF Managing Director Kristalina Georgieva told Reuters the fund would downgrade in coming weeks its 2022 forecast for 3.6 per cent global economic growth for the third time this year, adding that IMF economists were still finalising the new numbers.

The IMF is expected to release its updated forecast for 2022 and 2023 in late July, after slashing its forecast by nearly a full percentage point in April. The global economy expanded by 6.1 per cent in 2021.

"The outlook since our last update in April has darkened significantly," she told Reuters in an interview, citing a more universal spread of inflation, more substantial interest rate hikes, a slowdown in China's economic growth, and escalating sanctions related to Russia's war in Ukraine.

"We are in very choppy waters," she said. Asked if she could rule out a global recession, she said, "The risk has gone up so we cannot rule it out." Recent economic data showed some large economies, including those of China and Russia, had contracted in the second quarters, she said, noting the risks were even higher in 2023.

"It's going to be a tough '22, but maybe even a tougher 2023," she said. "Recession risks increased in 2023."

Investors are growing increasingly concerned about recession risks, with a key part of the US Treasury yield curve inverted for a second straight day on Wednesday, in what has been a reliable indicator that a recession is looming.



Autorickshaw drivers queue along a street to buy gasoline from a fuel station in Colombo on Wednesday.

PHOTO: AFP

## Sri Lanka hikes interest rates, warns trouble ahead

AFP, Colombo

Cash-strapped Sri Lanka has raised interest rates one percentage point on Thursday, the second sharp hike in three months, as the central bank warned of 80 per cent inflation and a painful recession.

The Central Bank of Sri Lanka ramped up its benchmark deposit and lending rates to 14.5 per cent and 15.5 per cent respectively, after data showed inflation soared to a record 54.6 per cent last month.

Officials said the hike was aimed at containing runaway prices, which were forecast to rise 80 per cent by year's end, and reduce any build-up of demand pressures in the shattered economy.

Acute shortages of food and fuel, alongside lengthy electricity blackouts, have led to months of widespread

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